



THE STATE BAR OF CALIFORNIA

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TO: Members, Board of Trustees

FROM: Joe Dunn, CEO

RE: Proposed 2013-15 Budget

DATE: January 12, 2013

The attached schedules represent the Proposed Budget for the State Bar of California for the years 2013-15. This budget incorporates both the resources necessary to finance the regular ongoing operations of the State Bar and the amounts required to implement the initiatives identified in the State Bar's *Five-Year Strategic Plan (2012-16)*.

The State Bar adopts a "rolling" three-year budget. This practice enables the bar to plan its financial future more effectively than would be possible with traditional one-year budgeting. In February 2012, the Board adopted a budget covering 2012-14. This year's proposal revises the previously adopted budgets for 2013 and 2014 and extends the budget through 2015. Operating budgets lapse at the end of each calendar year; capital project budgets are non-lapsing, so they are carried forward until the projects are completed.

Strategic Plan

The primary driver of the proposed budget is the bar's *Five-Year Strategic Plan (2012-16)*. This plan lays out a series of major initiatives intended both to deliver immediate practical benefits and to fundamentally reshape the internal organizational culture of the State Bar. The long-term goal is to cultivate and institutionalize a culture founded on three principles:

- **Transparency:** external stakeholders can, should, and will take an interest in the State Bar's performance. We should expect and facilitate this.
- **Improvement:** performance improvement is not simply a matter of "fixing" processes that are somehow "deficient." A culture of performance improvement doesn't wait for complaints or criticism – it takes the need to improve tomorrow on whatever we do today as a given.
- **Mission:** our public protection mission does not end with our regulatory and disciplinary programs. Our public protection orientation permeates all of our activities, and the diversity of our activities strengthens our ability to protect the public from the unethical or incompetent practice of law.

The bar's strategy for bringing about this culture change is to take the organization through three major change initiatives which, collectively, will affect every activity the bar performs. These are:

- IT Modernization: replacing aging, custom-built software with modern commercial off-the-shelf applications; moving toward near-paperless processes; and improving the on-line accessibility of bar information and services.
- Facilities Modernization: re-locating to new office space in Los Angeles and remodeling office space in San Francisco – both with an eye to providing a more open, collaborative and literally transparent, workspace.
- Business Process Reengineering: systematic examination of the State Bar's operating processes to improve speed, efficiency and quality; leveraging new technology and space planning to improve organizational performance.

The 2013-15 budget provides the funding needed to carry out these initiatives while maintaining the State Bar's sound financial condition and supporting its core operational functions.

Overall Financial Condition

The State Bar is financially stable and expects to remain so throughout the budget period. The 2013-15 proposed budget is balanced – it identifies funding sources (either revenues or existing fund balance) for all authorized expenditures. The budget also continues the bar's long-standing practice of making all required contributions to its pension and post-employment health care plans.

General Fund

It is estimated that the General Fund will begin 2013 with an uncommitted fund balance of \$3.6 million. The proposed budget would draw that balance down to \$0.7 million by the end of 2013, rising to approximately \$1 million at the end of 2014 and 2015.

General Fund revenues are expected to rise from \$61.7 million in 2013 to \$66.8 million and \$67.9 million in 2014 and 2015, respectively – due chiefly to the expiration of the \$20 “diversion” of member dues to legal services programs. With few exceptions, non-personnel expenditures are “flat-lined” – i.e. budgeted at their 2012 budget levels for all three years. Personnel expenditures are estimated based on the terms of the current MOU. In the General Fund, this entails an increase of about \$2 million per year.

Admissions Fund

The costs of conducting the bar exam are rising – driven in part by the costs of special accommodations facilities – while the population taking the exam is expected to remain flat, or even decline. These trends will eventually make an increase in Admissions fees necessary, but the necessity is not immediate.

For budget purposes, we assume that activity will match 2012 levels in 2013 and 2014, and that there will be a 5% reduction in exam takers in 2015. To keep the Admissions fund in balance

under this scenario, the budget also assumes a 5% increase in Admissions fees, effective for exams given in 2015. (Alternatively, reductions in spending could potentially offset some or all of the increase.)

Finance and Admissions will monitor these trends closely and keep the Board of Trustees apprised of whether and when an actual fee increase may be necessary.

845 Figueroa Building Project

The 2013-15 budget includes funding for tenant improvements and move-in costs for the 845 Figueroa Building in Los Angeles. Also included in the project cost is debt service related to the building during the year in which it will be made ready for occupancy. Tenant improvement costs are budgeted at no more than \$15 million, move-in costs at \$1 million, and debt service at \$2.4 million – for a total project budget of \$18.4 million.

Financing for this project will come from several sources, including fund balance transferred from the bar's largest operating funds in 2012 (\$2.3 million from the General Fund and \$1.4 million from Admissions) and the proceeds of the LA building special assessment (\$10.2 million). The balance will be financed with a loan of non-mandatory dues funds from the Administration of Justice fund, to be repaid with non-mandatory dues revenue.

180 Howard Building Projects

The 2013-15 budget includes funding for maintenance and remodeling projects at the 180 Howard building in San Francisco. In addition to catching up on some long deferred maintenance needs, this will include building out the eleventh and twelfth floors for State Bar use and “re-stacking” the office space currently used. This will enable both the improvements in the work environment contemplated by the strategic plan and expanded retail and commercial leasing potential.

In total, these projects are budgeted at \$11.7 million. Of this, \$8.5 million will be financed by a combination General Fund contributions transferred to the 180 Howard Fund in 2010 and 2011 and accumulated rental revenue. Another \$0.8 million will come from rent generated by the 180 Howard building in 2013. The remaining \$2.5 million will be financed with a loan of fund balance from the Legal Specializations fund, to be repaid from rental revenue generated by the 180 Howard building over the following three years.

Client Security Fund

Recent years have seen an unprecedented increase in applications to the Client Security Fund (CSF) program for reimbursement for financial losses sustained by clients as a result of attorney misconduct. Much of this activity has been associated with the wave of loan modification fraud following the 2008 financial crisis. As a result, payouts from the fund have risen to exceed the annual revenue collected, drawing down the cash balance in the fund. If payouts continue at their current rate, and no change is made to the revenues received, the fund balance in the CSF will fall from about \$10.4 million at the end of 2012 to \$4.6 million at the end of 2015. To reverse this trend, an increase in the dues amount assessed for the CSF program may be

necessary. The bar is contemplating proposing such an increase in the dues bill before the legislature in its 2013 session.

Attachments

The following attachments are included:

1. *Proposed Budget for 2013-15*, Fiscal Year 2013
2. *Proposed Budget for 2013-15*, Fiscal Year 2014
3. *Proposed Budget for 2013-54*, Fiscal Year 2015
4. History, Estimated Revenues and Proposed Expenditures by Fund
5. General Fund Financial Projections 2013-17
6. Capital Projects 2013-17
7. Planned Contracts Requiring Pre-Approval, 2013-15

Respectfully Submitted,

Joe Dunn
CEO

Proposed Budget for 2013-15

Fiscal Year 2013

Fund	Beginning Balance	2013 Revenues	2013 Expenditures	Transfers In	Transfers Out	Ending Balance
General Fund	3,600,000	61,732,850	64,629,333	0	0	703,517
Admin of Justice Fund	5,500,000	3,387,200	2,167,050	0	6,331,068	389,082
Admissions Fund	2,800,000	19,297,074	19,494,434	0	0	2,602,640
Building Assessment Fund	8,133,000	2,100,000	50,683	0	10,182,317	0
Client Security Fund	10,400,000	7,401,500	9,361,378	0	0	8,440,122
Discipline Fund	0	0	0	0	0	0
Grants Fund	100,000	0	0	0	0	100,000
IT Assessment Fund	4,703,796	1,750,000	41,026	0	4,112,770	2,300,000
Justice Gap Fund	75,000	850,000	19,309	0	830,000	75,691
Lawyer Asst Program Fund	665,000	1,900,000	1,797,912	0	0	767,088
Legal Services Trust Fund	474,001	24,274,000	27,133,495	2,830,000	0	444,506
Legal Specializations Fund	2,950,000	2,164,220	1,629,836	0	2,480,000	1,004,384
180 Howard Street Fund	8,470,000	750,000	11,700,000	2,480,000	0	0
LA Facilities Fund	3,700,000	264,437	18,430,000	14,465,563	0	0
Technology Projects Fund	2,727,230	0	6,840,000	4,112,770	0	0
Annual Meeting Fund	302,000	675,000	1,024,822	47,822	0	0
Sections Funds	8,100,000	7,239,000	6,912,791	0	0	8,426,209
Public Protection Fund	1,700,000	6,000	0	0	0	1,706,000
Totals	64,400,027	133,791,281	171,232,069	23,936,155	23,936,155	26,959,239

Proposed Budget for 2013-15

Fiscal Year 2014

Fund	Beginning Balance	2014 Revenues	2014 Expenditures	Transfers In	Transfers Out	Ending Balance
General Fund	703,517	66,832,850	66,380,907	0	0	1,155,460
Admin of Justice Fund	389,082	3,387,200	2,011,522	400,000	597,904	1,566,856
Admissions Fund	2,602,640	18,900,912	20,106,029	0	0	1,397,523
Building Assessment Fund	0	0	0	0	0	0
Client Security Fund	8,440,122	7,469,200	9,419,511	0	0	6,489,811
Discipline Fund	0	0	0	0	0	0
Grants Fund	100,000	0	0	0	0	100,000
IT Assessment Fund	2,300,000	0	0	0	2,300,000	0
Justice Gap Fund	75,691	850,000	19,676	0	830,000	76,015
Lawyer Asst Program Fund	767,088	1,900,000	1,842,919	0	0	824,169
Legal Services Trust Fund	444,506	20,974,000	22,090,714	1,230,000	0	557,792
Legal Specializations Fund	1,004,384	1,966,504	1,682,928	800,000	0	2,087,960
180 Howard Street Fund	0	800,000	0	0	800,000	0
LA Facilities Fund	0	400,000	0	0	400,000	0
Technology Projects Fund	0	0	2,300,000	2,300,000	0	0
Annual Meeting Fund	0	844,000	1,041,904	197,904	0	0
Sections Funds	8,426,209	7,239,000	6,990,790	0	0	8,674,419
Public Protection Fund	1,706,000	6,000	0	0	0	1,712,000
Totals	26,959,239	131,569,666	133,886,900	4,927,904	4,927,904	24,642,005

Proposed Budget for 2013-15

Fiscal Year 2015

Fund	Beginning Balance	2015 Revenues	2015 Expenditures	Transfers In	Transfers Out	Ending Balance
General Fund	1,155,460	67,932,850	68,013,415	0	0	1,074,895
Admin of Justice Fund	1,566,856	3,390,700	2,054,703	400,000	611,428	2,691,425
Admissions Fund	1,397,523	19,445,470	20,750,480	0	0	92,513
Building Assessment Fund	0	0	0	0	0	0
Client Security Fund	6,489,811	7,536,900	9,465,316	0	0	4,561,395
Discipline Fund	0	0	0	0	0	0
Grants Fund	100,000	0	0	0	0	100,000
IT Assessment Fund	0	0	0	0	0	0
Justice Gap Fund	76,015	850,000	19,992	0	830,000	76,023
Lawyer Asst Program Fund	824,169	1,900,000	1,895,215	0	0	828,954
Legal Services Trust Fund	557,792	20,974,000	22,138,933	1,230,000	0	622,859
Legal Specializations Fund	2,087,960	2,251,653	1,728,200	850,000	0	3,461,413
180 Howard Street Fund	0	850,000	0	0	850,000	0
LA Facilities Fund	0	400,000	0	0	400,000	0
Technology Projects Fund	0	0	0	0	0	0
Annual Meeting Fund	0	846,000	1,057,428	211,428	0	0
Sections Funds	8,674,419	7,239,000	7,075,899	0	0	8,837,520
Public Protection Fund	1,712,000	6,000	0	0	0	1,718,000
Totals	24,642,005	133,622,573	134,199,581	2,691,428	2,691,428	24,064,997

General Fund

Revenues	2010	2011	2012	2013	2014	2015
	Adjusted	Adjusted	Pre-Close	Proposed	Proposed	Proposed
Mandatory Dues	57,881,362	56,941,805	54,051,307	56,950,000	62,050,000	63,150,000
Administrative Fees	1,881,470	1,763,583	1,922,941	1,830,000	1,830,000	1,830,000
Penalties and Late Fees	1,372,724	2,406,848	2,568,067	2,395,000	2,395,000	2,395,000
Other Fees and Charges	331,482	201,845	185,938	160,500	160,500	160,500
Grants	16,000	14,000	27,000	0	0	0
Interest Income	178,798	133,600	96,791	80,000	80,000	80,000
Other Revenues	526,244	350,608	479,433	317,350	317,350	317,350
Interfund Transfers	500,000	1,711,149	0	0	0	0
Total Revenues	62,688,080	63,523,438	59,331,477	61,732,850	66,832,850	67,932,850
Expenditures	2010	2011	2012	2013	2014	2015
	Adjusted	Adjusted	Pre-Close	Proposed	Proposed	Proposed
Regular Salary & Benefits	49,953,976	52,998,050	48,338,271	54,125,163	56,268,984	58,025,951
Supplemental Staffing	1,607,524	2,916,508	3,362,162	1,643,840	1,643,840	1,643,840
Travel & Training	839,467	1,035,432	1,129,152	1,107,732	1,107,732	1,107,732
Supplies and Postage	1,236,268	1,448,841	1,144,686	1,481,162	1,481,162	1,481,162
Professional Services	1,760,052	1,944,747	1,587,830	2,229,033	2,229,033	2,229,033
Occupancy	6,888,423	6,947,131	6,958,864	7,191,987	4,341,987	4,366,987
Telecommunications	289,126	328,900	301,415	301,554	301,554	301,554
Other Outside Services	1,898,133	1,865,571	1,724,756	2,131,375	2,131,375	2,131,375
Computers & Software	463,072	926,498	854,018	555,009	555,009	555,009
Buildings & Equipment	56,709	79,965	86,930	111,309	111,309	111,309
Retiree Medical Funding	1,472,752	1,428,571	1,129,704	1,238,096	1,238,096	1,238,096
Debt Service	0	0	0	0	2,430,000	2,430,000
Other Expenditures	27,598	27,550	45,595	15,302	15,302	15,302
Indirect Costs	-6,093,440	-6,924,834	-5,852,149	-6,483,318	-6,455,565	-6,605,024
Reimbursements	-1,056,675	-1,016,647	-972,815	-1,018,911	-1,018,911	-1,018,911
Interfund Transfers	1,230,000	2,790,000	0	0	0	0
Total Expenditures	60,572,985	66,796,283	59,838,419	64,629,333	66,380,907	68,013,415
Surplus (Deficit)				-2,896,483	451,943	-80,565
Ending Fund Balance			3,600,000	703,517	1,155,460	1,074,895

Admin of Justice Fund

	2010	2011	2012	2013	2014	2015
Revenues	Adjusted	Adjusted	Pre-Close	Proposed	Proposed	Proposed
Voluntary Dues & Donations	1,575,840	1,595,475	1,586,480	1,580,000	1,580,000	1,580,000
Lease Revenues	30,868	0	0	0	0	0
Insurance Commissions	1,682,772	1,645,990	1,337,288	1,700,000	1,700,000	1,700,000
Other Fees and Charges	0	0	380	0	0	0
Interest Income	22,737	16,764	12,796	1,400	1,400	4,900
Other Revenues	104,479	121,348	20,068	105,800	105,800	105,800
Interfund Transfers	0	0	1,250,000	0	400,000	400,000
Total Revenues	3,416,696	3,379,577	4,207,012	3,387,200	3,787,200	3,790,700
Expenditures	Adjusted	Adjusted	Pre-Close	Proposed	Proposed	Proposed
Regular Salary & Benefits	917,138	907,021	891,537	958,956	997,668	1,032,763
Supplemental Staffing	273	10,938	18,462	279	279	279
Travel & Training	171,604	264,220	227,345	206,321	206,321	206,321
Supplies and Postage	28,008	27,637	27,470	30,173	30,173	30,173
Professional Services	223,723	170,190	364,179	237,912	237,912	237,912
Occupancy	67,125	2,307	4,088	2,784	2,784	2,784
Telecommunications	13,612	11,176	9,549	14,853	14,853	14,853
Other Outside Services	177,995	162,701	153,079	358,459	158,459	158,459
Legal Services Grants	0	0	10,000	0	0	0
Computers & Software	218	0	77	223	223	223
Buildings & Equipment	0	232	1,996	0	0	0
Retiree Medical Funding	73,638	71,429	87,744	95,238	95,238	95,238
Other Expenditures	-31,468	-68,513	6,134	-74,403	-74,403	-74,403
Indirect Costs	293,689	352,966	302,325	336,255	342,015	350,101
Interfund Transfers	1,003,666	520,208	2,000,000	6,331,068	597,904	611,428
Total Expenditures	2,939,221	2,432,512	4,103,985	8,498,118	2,609,426	2,666,131
Surplus (Deficit)				-5,110,918	1,177,774	1,124,569
Ending Fund Balance			5,500,000	389,082	1,566,856	2,691,425

Admissions Fund

Revenues	2010	2011	2012	2013	2014	2015
	Adjusted	Adjusted	Pre-Close	Proposed	Proposed	Proposed
Administrative Fees	718,150	855,229	556,270	659,460	659,460	692,434
Penalties and Late Fees	424,874	473,252	462,207	458,724	458,724	481,661
Student Registration Fees	1,124,114	1,141,770	1,135,984	1,157,628	1,141,628	1,182,245
Exam Fees	11,300,610	11,996,090	12,814,097	12,814,100	12,623,938	13,060,634
Moral Character Fees	3,714,615	3,927,039	3,806,463	3,902,642	3,712,642	3,708,749
Other Fees and Charges	197,028	270,790	285,678	276,420	276,420	290,242
Interest Income	51,442	33,191	28,218	28,000	28,000	29,400
Other Revenues	60	1,590	88	100	100	105
Interfund Transfers	2,010,000	0	0	0	0	0
Total Revenues	19,540,893	18,698,951	19,089,005	19,297,074	18,900,912	19,445,470
Expenditures	2010	2011	2012	2013	2014	2015
	Adjusted	Adjusted	Pre-Close	Proposed	Proposed	Proposed
Regular Salary & Benefits	5,586,335	5,966,671	5,188,931	6,566,514	6,842,441	7,083,578
Supplemental Staffing	576,339	710,785	510,957	550,647	550,647	550,647
Travel & Training	313,825	315,669	372,261	353,555	353,555	353,555
Supplies and Postage	414,115	346,067	370,361	418,346	418,346	418,346
Professional Services	344,411	281,338	411,707	395,704	395,704	395,704
Exam & Software Licensing	1,303,229	1,352,736	1,405,158	1,359,548	1,359,548	1,359,548
Exam Room Rental	1,332,134	1,551,521	1,663,822	1,800,259	2,130,629	2,459,629
Exam Proctors	1,305,215	1,348,374	1,416,636	1,403,000	1,403,000	1,403,000
Exam Graders	866,536	846,022	870,230	889,178	889,178	889,178
Occupancy	142,964	171,696	289,186	168,705	168,705	168,705
Telecommunications	68,899	74,046	80,700	73,510	73,510	73,510
Other Outside Services	1,771,754	1,633,719	1,410,446	1,814,255	1,814,255	1,814,255
Computers & Software	12,870	8,171	925	0	0	0
Buildings & Equipment	7,950	12,648	3,812	8,149	8,149	8,149
Retiree Medical Funding	257,732	250,000	305,276	333,333	333,333	333,333
Other Expenditures	34,569	21,700	17,757	35,070	35,070	35,070
Indirect Costs	3,249,491	3,626,306	3,088,034	3,324,661	3,329,959	3,404,273
Interfund Transfers	2,010,000	1,211,149	0	0	0	0
Total Expenditures	19,598,368	19,728,618	17,406,199	19,494,434	20,106,029	20,750,480
Surplus (Deficit)				-197,360	-1,205,117	-1,305,010
Ending Fund Balance			2,800,000	2,602,640	1,397,523	92,513

Building Assessment Fund

Revenues	2010 Adjusted	2011 Adjusted	2012 Pre-Close	2013 Proposed	2014 Proposed	2015 Proposed
Mandatory Dues	2,022,849	2,063,679	2,115,588	2,100,000	0	0
Interest Income	17,794	18,379	18,970	0	0	0
Other Revenues	1,100	0	1,030	0	0	0
Total Revenues	2,041,743	2,082,058	2,135,588	2,100,000	0	0

Expenditures	2010 Adjusted	2011 Adjusted	2012 Pre-Close	2013 Proposed	2014 Proposed	2015 Proposed
Indirect Costs	33,913	48,814	43,189	50,683	0	0
Interfund Transfers	0	0	0	10,182,317	0	0
Total Expenditures	33,913	48,814	43,189	10,233,000	0	0
Surplus (Deficit)				-8,133,000	0	0
Ending Fund Balance			8,133,000	0	0	0

Client Security Fund

	2010	2011	2012	2013	2014	2015
Revenues	Adjusted	Adjusted	Pre-Close	Proposed	Proposed	Proposed
Mandatory Dues	6,983,974	7,122,097	7,294,793	7,370,000	7,444,000	7,518,000
Interest Income	79,494	54,633	34,340	31,500	25,200	18,900
Other Revenues	17,120	25,870	18,389	0	0	0
Total Revenues	7,080,588	7,202,600	7,347,522	7,401,500	7,469,200	7,536,900
Expenditures	Adjusted	Adjusted	Pre-Close	Proposed	Proposed	Proposed
Regular Salary & Benefits	1,030,248	1,174,224	1,118,848	1,274,143	1,317,332	1,350,486
Supplemental Staffing	109,245	55,671	40,646	50,000	50,000	50,000
Travel & Training	11,464	12,185	7,689	16,500	16,500	16,500
Supplies and Postage	20,638	28,708	15,263	25,300	25,300	25,300
Professional Services	573	720	0	25,000	25,000	25,000
Telecommunications	5,662	6,415	7,375	7,300	7,300	7,300
Other Outside Services	11,858	17,582	15,332	15,750	15,750	15,750
CSF Applications	3,331,124	7,819,854	6,865,143	7,800,000	7,800,000	7,800,000
Computers & Software	897	7,400	255	3,000	3,000	3,000
Buildings & Equipment	0	89	538	0	0	0
Retiree Medical Funding	36,819	35,714	43,872	47,619	47,619	47,619
Other Expenditures	-723	2,498	-400	-1,051	-1,051	-1,051
Indirect Costs	388,312	508,162	431,893	525,093	540,037	552,688
Reimbursements	-416,855	-445,384	-389,931	-427,276	-427,276	-427,276
Total Expenditures	4,529,262	9,223,838	8,156,523	9,361,378	9,419,511	9,465,316
Surplus (Deficit)				-1,959,878	-1,950,311	-1,928,416
Ending Fund Balance			10,400,000	8,440,122	6,489,811	4,561,395

Discipline Fund

Revenues	2010 Adjusted	2011 Adjusted	2012 Pre-Close	2013 Proposed	2014 Proposed	2015 Proposed
Interest Income	6,064	3,628	2,921	0	0	0
Total Revenues	6,064	3,628	2,921	0	0	0
Surplus (Deficit)				0	0	0
Ending Fund Balance			0	0	0	0

Grants Fund

Revenues	2010 Adjusted	2011 Adjusted	2012 Pre-Close	2013 Proposed	2014 Proposed	2015 Proposed
Grants	71,000	99,953	56,000	0	0	0
Other Revenues	0	0	15,196	0	0	0
Total Revenues	71,000	99,953	71,196	0	0	0
Expenditures	2010 Adjusted	2011 Adjusted	2012 Pre-Close	2013 Proposed	2014 Proposed	2015 Proposed
Travel & Training	12,457	3,908	5,778	0	0	0
Supplies and Postage	0	22	0	0	0	0
Professional Services	7,085	0	5,445	0	0	0
Other Outside Services	53,140	50,000	0	0	0	0
Total Expenditures	72,682	53,930	11,223	0	0	0
Surplus (Deficit)				0	0	0
Ending Fund Balance			100,000	100,000	100,000	100,000

IT Assessment Fund

	2010	2011	2012	2013	2014	2015
Revenues	Adjusted	Adjusted	Pre-Close	Proposed	Proposed	Proposed
Mandatory Dues	1,651,132	1,683,489	1,725,525	1,750,000	0	0
Interest Income	16,117	15,383	13,352	0	0	0
Other Revenues	990	0	920	0	0	0
Total Revenues	1,668,239	1,698,872	1,739,797	1,750,000	0	0
Expenditures	Adjusted	Adjusted	Pre-Close	Proposed	Proposed	Proposed
Indirect Costs	27,702	39,860	64,784	41,026	0	0
Interfund Transfers	173,016	953,823	0	4,112,770	2,300,000	0
Total Expenditures	200,718	993,683	64,784	4,153,796	2,300,000	0
Surplus (Deficit)				-2,403,796	-2,300,000	0
Ending Fund Balance			4,703,796	2,300,000	0	0

Justice Gap Fund

	2010	2011	2012	2013	2014	2015
Revenues	Adjusted	Adjusted	Pre-Close	Proposed	Proposed	Proposed
Voluntary Dues & Donations	1,040,068	868,381	1,918,632	850,000	850,000	850,000
Interest Income	3,001	0	3,807	0	0	0
Other Revenues	825	8,000	630	0	0	0
Total Revenues	1,043,894	876,381	1,923,069	850,000	850,000	850,000
Expenditures	Adjusted	Adjusted	Pre-Close	Proposed	Proposed	Proposed
Other Expenditures	950	0	0	0	0	0
Indirect Costs	17,491	0	0	19,309	19,676	19,992
Interfund Transfers	0	1,652,988	0	830,000	830,000	830,000
Total Expenditures	18,441	1,652,988	0	849,309	849,676	849,992
Surplus (Deficit)				691	324	8
Ending Fund Balance			75,000	75,691	76,015	76,023

Lawyer Asst Program Fund

	2010	2011	2012	2013	2014	2015
Revenues	Adjusted	Adjusted	Pre-Close	Proposed	Proposed	Proposed
Mandatory Dues	1,870,606	1,875,432	1,921,098	1,900,000	1,900,000	1,900,000
Interest Income	11,115	7,886	3,566	0	0	0
Other Revenues	2,395	0	1,074	0	0	0
Interfund Transfers	500,000	0	0	0	0	0
Total Revenues	2,384,116	1,883,318	1,925,738	1,900,000	1,900,000	1,900,000
Expenditures	Adjusted	Adjusted	Pre-Close	Proposed	Proposed	Proposed
Regular Salary & Benefits	1,312,705	1,332,248	783,106	864,693	905,773	947,003
Supplemental Staffing	20,885	15,702	75,501	21,407	21,407	21,407
Travel & Training	95,805	88,390	81,786	85,265	85,265	85,265
Supplies and Postage	12,599	945	3,693	12,910	12,910	12,910
Professional Services	64,677	43,912	45,555	196,293	196,293	196,293
Occupancy	33,738	18,944	975	522	522	522
Telecommunications	25,185	20,322	15,614	25,815	25,815	25,815
Other Outside Services	51,440	14,885	-51,980	5,207	5,207	5,207
Computers & Software	0	1,569	0	0	0	0
Buildings & Equipment	1,311	0	755	777	777	777
Retiree Medical Funding	73,638	71,429	87,744	95,238	95,238	95,238
Other Expenditures	2,006	1,681	2,736	1,075	1,075	1,075
Indirect Costs	462,248	388,952	453,488	488,710	492,637	503,703
Reimbursements	-20	-10	0	0	0	0
Interfund Transfers	0	0	1,250,000	0	0	0
Total Expenditures	2,156,217	1,998,969	2,748,973	1,797,912	1,842,919	1,895,215
Surplus (Deficit)				102,088	57,081	4,785
Ending Fund Balance			665,000	767,088	824,169	828,954

Legal Services Trust Fund

	2010	2011	2012	2013	2014	2015
Revenues	Adjusted	Adjusted	Pre-Close	Proposed	Proposed	Proposed
Voluntary Dues & Donations	0	1,670,370	3,302,180	3,300,000	0	0
Administrative Fees	522,058	528,451	271,746	500,000	500,000	500,000
Grants	16,928,883	15,889,491	12,198,518	15,600,000	15,600,000	15,600,000
IOLTA	6,793,427	6,077,611	4,664,351	4,859,000	4,859,000	4,859,000
Interest Income	64,456	21,484	8,895	15,000	15,000	15,000
Other Revenues	9,738	15,195	63,602	0	0	0
Interfund Transfers	0	1,652,988	2,000,000	2,830,000	1,230,000	1,230,000
Total Revenues	24,318,562	25,855,590	22,509,292	27,104,000	22,204,000	22,204,000
Expenditures	Adjusted	Adjusted	Pre-Close	Proposed	Proposed	Proposed
Regular Salary & Benefits	969,109	1,037,705	1,017,744	1,175,169	1,218,176	1,254,413
Supplemental Staffing	963	0	69	1,000	1,000	1,000
Travel & Training	21,590	29,386	27,381	38,100	38,100	38,100
Supplies and Postage	16,175	18,629	15,560	22,700	22,700	22,700
Professional Services	207,040	194,411	149,627	290,000	290,000	290,000
Occupancy	537	95	0	0	0	0
Telecommunications	9,516	10,155	10,087	10,500	10,500	10,500
Other Outside Services	1,191	1,108	1,744	7,400	7,400	7,400
Legal Services Grants	29,822,494	28,931,145	26,791,232	25,107,000	20,007,000	20,007,000
Computers & Software	0	0	960	0	0	0
Buildings & Equipment	0	0	0	3,000	3,000	3,000
Retiree Medical Funding	36,819	35,714	43,872	47,619	47,619	47,619
Other Expenditures	565	882	1,146	1,600	1,600	1,600
Indirect Costs	336,890	462,338	345,514	429,407	443,619	455,601
Total Expenditures	31,422,889	30,721,568	28,404,936	27,133,495	22,090,714	22,138,933
Surplus (Deficit)				-29,495	113,286	65,067
Ending Fund Balance			474,001	444,506	557,792	622,859

Legal Specializations Fund

	2010	2011	2012	2013	2014	2015
Revenues	Adjusted	Adjusted	Pre-Close	Proposed	Proposed	Proposed
Administrative Fees	938,789	1,460,854	1,912,541	1,842,710	1,879,564	1,917,155
Penalties and Late Fees	450	10,350	300	510	520	530
Exam Fees	6,300	331,775	72,200	300,000	65,000	312,120
Other Fees and Charges	5,675	6,600	10,375	10,000	10,200	10,404
Interest Income	10,479	7,468	7,351	8,000	8,160	8,323
Other Revenues	2,382	3,673	3,331	3,000	3,060	3,121
Interfund Transfers	0	0	0	0	800,000	850,000
Total Revenues	964,075	1,820,720	2,006,098	2,164,220	2,766,504	3,101,653
Expenditures	Adjusted	Adjusted	Pre-Close	Proposed	Proposed	Proposed
Regular Salary & Benefits	567,662	568,169	574,385	731,267	774,021	810,580
Supplemental Staffing	20,925	47,048	21,286	30,000	30,000	30,000
Travel & Training	151,785	80,538	122,703	278,000	278,000	278,000
Supplies and Postage	26,741	23,457	16,925	39,200	39,200	39,200
Professional Services	11,315	73,542	16,366	60,000	60,000	60,000
Exam Room Rental	0	38,440	0	0	0	0
Exam Proctors	0	29,983	0	0	0	0
Occupancy	0	1,889	80	0	0	0
Telecommunications	12,222	10,964	5,712	10,000	10,000	10,000
Other Outside Services	47,218	36,612	4,893	112,174	112,174	112,174
Computers & Software	99	23,820	1,612	0	0	0
Buildings & Equipment	861	26	28	1,000	1,000	1,000
Retiree Medical Funding	36,819	35,714	43,872	47,619	47,619	47,619
Other Expenditures	8,151	9,451	4,996	8,280	8,280	8,280
Indirect Costs	365,674	354,655	259,136	312,296	322,634	331,347
Interfund Transfers	0	0	0	2,480,000	0	0
Total Expenditures	1,249,472	1,334,308	1,071,994	4,109,836	1,682,928	1,728,200
Surplus (Deficit)				-1,945,616	1,083,576	1,373,453
Ending Fund Balance			2,950,000	1,004,384	2,087,960	3,461,413

180 Howard Street Fund

	2010	2011	2012	2013	2014	2015
Revenues	Adjusted	Adjusted	Pre-Close	Proposed	Proposed	Proposed
Mandatory Dues	4,494	3,875	0	0	0	0
Penalties and Late Fees	1,606	0	923	0	0	0
Lease Revenues	866,256	886,914	727,794	750,000	800,000	850,000
Interest Income	16,071	15,763	20,546	0	0	0
Other Revenues	431,228	24,130	14,775	0	0	0
Interfund Transfers	1,230,000	2,790,000	0	2,480,000	0	0
Total Revenues	2,549,655	3,720,682	764,038	3,230,000	800,000	850,000
Expenditures	Adjusted	Adjusted	Pre-Close	Proposed	Proposed	Proposed
Travel & Training	0	0	0	0	0	0
Supplies and Postage	0	0	0	0	0	0
Professional Services	0	0	0	0	0	0
Occupancy	0	-90	0	0	0	0
Telecommunications	0	0	0	0	0	0
Other Outside Services	0	0	0	0	0	0
Buildings & Equipment	0	0	0	11,700,000	0	0
Indirect Costs	0	0	0	0	0	0
Interfund Transfers	0	0	0	0	800,000	850,000
Total Expenditures	0	-90	0	11,700,000	800,000	850,000
Surplus (Deficit)				-8,470,000	0	0
Ending Fund Balance			8,470,000	0	0	0

LA Facilities Fund

	2010	2011	2012	2013	2014	2015
Revenues	Adjusted	Adjusted	Pre-Close	Proposed	Proposed	Proposed
Lease Revenues	0	0	0	264,437	400,000	400,000
Interest Income	0	0	-41	0	0	0
Other Revenues	0	0	24,561,040	0	0	0
Interfund Transfers	0	0	0	14,465,563	0	0
Total Revenues	0	0	24,560,999	14,730,000	400,000	400,000
Expenditures	Adjusted	Adjusted	Pre-Close	Proposed	Proposed	Proposed
Professional Services	0	0	216,420	0	0	0
Other Outside Services	0	0	0	1,000,000	0	0
Buildings & Equipment	0	0	0	15,000,000	0	0
Debt Service	0	0	159,493	2,430,000	0	0
Interfund Transfers	0	0	0	0	400,000	400,000
Total Expenditures	0	0	375,913	18,430,000	400,000	400,000
Surplus (Deficit)				-3,700,000	0	0
Ending Fund Balance			3,700,000	0	0	0

Technology Projects Fund

	2010	2011	2012	2013	2014	2015
Revenues	Adjusted	Adjusted	Pre-Close	Proposed	Proposed	Proposed
Interest Income	654	-1,712	-487	0	0	0
Other Revenues	0	32,936	0	0	0	0
Interfund Transfers	183,280	1,010,406	0	4,112,770	2,300,000	0
Total Revenues	183,934	1,041,630	-487	4,112,770	2,300,000	0
	2010	2011	2012	2013	2014	2015
Expenditures	Adjusted	Adjusted	Pre-Close	Proposed	Proposed	Proposed
Supplemental Staffing	0	0	40,430	0	0	0
Travel & Training	0	0	20,296	0	0	0
Supplies and Postage	5	0	0	0	0	0
Professional Services	25,551	210,221	214,453	0	0	0
Other Outside Services	0	0	1,314	350,000	0	0
Computers & Software	153,184	156,970	229,616	6,490,000	2,300,000	0
Buildings & Equipment	0	0	203	0	0	0
Total Expenditures	178,740	367,191	506,312	6,840,000	2,300,000	0
Surplus (Deficit)				-2,727,230	0	0
Ending Fund Balance			2,727,230	0	0	0

Annual Meeting Fund

	2010	2011	2012	2013	2014	2015
Revenues	Adjusted	Adjusted	Pre-Close	Proposed	Proposed	Proposed
Other Fees and Charges	555,668	468,978	481,553	0	40,000	40,000
Interest Income	4,516	5,295	1,062	1,000	1,000	1,000
Other Revenues	381,930	309,376	267,742	674,000	803,000	805,000
Interfund Transfers	0	0	0	47,822	197,904	211,428
Total Revenues	942,114	783,649	750,357	722,822	1,041,904	1,057,428
	2010	2011	2012	2013	2014	2015
Expenditures	Adjusted	Adjusted	Pre-Close	Proposed	Proposed	Proposed
Regular Salary & Benefits	273,768	285,749	276,120	309,049	322,454	334,873
Supplemental Staffing	19,389	14,182	13,968	19,874	19,874	19,874
Travel & Training	233,369	222,714	153,034	236,910	236,910	236,910
Supplies and Postage	32,331	16,379	26,300	33,139	33,139	33,139
Professional Services	34,533	111,463	54,545	35,396	35,396	35,396
Occupancy	43,645	59,878	49,403	44,736	44,736	44,736
Telecommunications	15,955	21,609	16,006	16,353	16,353	16,353
Other Outside Services	192,938	173,561	127,396	197,760	197,760	197,760
Retiree Medical Funding	0	0	12,796	14,286	14,286	14,286
Other Expenditures	5,910	1,244	9,813	6,058	6,058	6,058
Indirect Costs	60,682	67,836	86,379	111,261	114,938	118,043
Total Expenditures	912,520	974,615	825,760	1,024,822	1,041,904	1,057,428
Surplus (Deficit)				-302,000	0	0
Ending Fund Balance			302,000	0	0	0

Sections Funds

	2010	2011	2012	2013	2014	2015
Revenues	Adjusted	Adjusted	Pre-Close	Proposed	Proposed	Proposed
Sections Member Dues	4,843,903	4,820,817	4,870,712	4,871,000	4,871,000	4,871,000
Grants	5,000	25,000	5,000	5,000	5,000	5,000
Interest Income	46,255	31,823	22,484	22,000	22,000	22,000
Other Revenues	2,136,845	2,668,645	2,341,708	2,341,000	2,341,000	2,341,000
Total Revenues	7,032,003	7,546,285	7,239,904	7,239,000	7,239,000	7,239,000
Expenditures	Adjusted	Adjusted	Pre-Close	Proposed	Proposed	Proposed
Regular Salary & Benefits	1,495,893	1,672,287	1,677,988	1,657,222	1,729,788	1,795,671
Supplemental Staffing	55,156	83,162	47,471	20,000	20,000	20,000
Travel & Training	2,175,050	2,299,937	2,624,928	2,403,000	2,403,000	2,403,000
Supplies and Postage	268,046	233,166	288,395	301,000	301,000	301,000
Professional Services	372,238	390,456	362,734	340,000	340,000	340,000
Occupancy	104,581	95,361	150,965	161,000	161,000	161,000
Telecommunications	72,180	68,267	50,311	45,000	45,000	45,000
Other Outside Services	1,033,543	969,255	857,473	874,000	874,000	874,000
Computers & Software	10,275	0	8	0	0	0
Buildings & Equipment	11,851	4,074	376	0	0	0
Retiree Medical Funding	73,638	71,429	73,120	80,952	80,952	80,952
Other Expenditures	164,762	211,806	115,249	186,000	186,000	186,000
Indirect Costs	857,348	1,074,945	777,407	844,617	850,050	869,276
Interfund Transfers	6,598	36,375	0	0	0	0
Total Expenditures	6,701,159	7,210,520	7,026,425	6,912,791	6,990,790	7,075,899
Surplus (Deficit)				326,209	248,210	163,101
Ending Fund Balance			8,100,000	8,426,209	8,674,419	8,837,520

Public Protection Fund

Revenues	2010 Adjusted	2011 Adjusted	2012 Pre-Close	2013 Proposed	2014 Proposed	2015 Proposed
Interest Income	33,949	20,311	16,352	6,000	6,000	6,000
Total Revenues	33,949	20,311	16,352	6,000	6,000	6,000
Surplus (Deficit)				6,000	6,000	6,000
Ending Fund Balance			1,700,000	1,706,000	1,712,000	1,718,000

General Fund Financial Projection 2012-16

General Fund	2012	2013	2014	2015	2016*	2017*
Mandatory Dues	54.1	57.0	62.1	63.2	66.3	69.5
Interfund Transfers	0.0	0.0	0.0	0.0	0.0	0.0
Other Sources	<u>5.2</u>	<u>4.7</u>	<u>4.7</u>	<u>4.7</u>	<u>4.7</u>	<u>4.8</u>
Total Revenues	58.0	61.7	66.8	67.9	71.0	74.3
Regular Salary & Benefits	48.4	54.1	56.3	58.0	60.9	63.9
Indirect Cost Recovery	-5.8	-6.5	-6.5	-6.5	-6.5	-6.5
Interfund Transfers	3.2	0.0	0.0	0.0	0.0	0.0
Other Expenditures	<u>17.2</u>	<u>17.0</u>	<u>16.6</u>	<u>16.6</u>	<u>16.6</u>	<u>16.6</u>
Total Expenditures	63.0	64.6	66.4	68.1	71.0	74.0
Surplus (Deficit)	-5.0	-2.9	0.5	-0.2	0.0	0.3
Ending Fund Balance	3.6	0.7	1.2	1.0	1.0	1.3

Detail may not add to totals due to rounding.

* Projection assumes a \$10 dues increase effective in 2016.

Capital Projects 2013-17

IT Projects	Project Budget	Estimated Timing				
		2013	2014	2015	2016	2017
Prosecutorial CMS*	1.9	1.9				
State Bar Court CMS*	1.2	1.2				
Content Management System	0.9	0.9				
Admissions System*	2.0		2.0			
Member Records & Billing System*	1.9		1.9			
Online E-Portal	0.4		0.4			
Systems Integration	0.3	0.3				
Contingency	0.7	0.4	0.3			
Total IT Projects	9.3	4.7	4.6	0.0	0.0	0.0

* Project include a proportionate share of desktop hardware upgrades (\$0.9 million) and training (\$0.4 million).

Facilities Projects	Project Budget	Estimated Timing				
		2013	2014	2015	2016	2017
Masonry & Waterproofing	1.4		1.4			
Roof Replacement	0.3		0.3			
HVAC Overhaul	0.3	0.3				
Boiler & Cooling Towers	0.3	0.3				
Elevators	1.3			1.3		
Emergency Generator	0.6		0.6			
Other Maintanance	0.4	0.3	0.1			
Contingency	0.5	0.1	0.3	0.1		
Total Defered Maintenance	5.1	1.0	2.7	1.4	0.0	0.0
180 Howard Remodel & "Restack"	6.6	3.3	3.3			
845 Figueroa Project	18.4	18.4				
Total Facilities Projects	30.1	22.7	6.0	1.4	0.0	0.0

Note: All of the above referenced facilities projects are included in the State Bar's *Five-Year Strategic Plan (2012-16)*.

Anticipated Contracts for 2013 - 2015

Capital Projects

IT Projects	Project Budget	Estimated Timing		
		2013	2014	2015
State Bar Court CMS	1.2	1.2		
Content Management System	0.9	0.9		
Admissions System	2.0		2.0	
Member Records & Billing System	1.9			1.9
Online E-Portal	0.4			0.4
Systems Integration	0.3	0.3		
Desktop Hardware Replacement	0.9	0.9		
Bar-wide PC Training	0.4	0.4		
Total IT Contracts	6.7	2.4	2.0	2.3

Facilities Projects	Project Budget	Estimated Timing		
		2013	2014	2015
Masonry & Waterproofing	1.4		1.4	
Roof Replacement	0.3		0.3	
HVAC Overhaul	0.3	0.3		
Boiler & Cooling Towers	0.3	0.3		
Elevators	1.3			1.3
Emergency Generator	0.6		0.6	
Other Maintenance	0.4	0.3	0.1	
Contingency	0.5	0.1	0.3	0.1
Total Deferred Maintenance	5.1	1.0	2.7	1.4
180 Howard Remodel and "Restack"	6.6	3.3	3.3	
LA Office Relocation	1.0	1.0		
845 Figueroa Tennant Improvements	15.0	15.0		
Total Facilities Contracts	12.7	20.3	6.0	1.4

Anticipated Contracts for 2012 - 2014

Professional Services Contracts

Professional Service Contracts	Cost Estimate	Estimated Timing		
		2013	2014	2015
Actuarial Services	0.3	0.1	0.1	0.1
Financial Statement and State Audits	0.5	0.2	0.1	0.2
J.D. Edwards system support	0.3	0.1	0.1	0.1
Workflow Analysis & Reengineering	0.1	0.1		
Change Management	0.5	0.2	0.2	0.1
Records Digitization	0.3	0.2	0.1	
Total Consultant Contracts	2.0	0.9	0.6	0.5

*Totals may differ due to rounding.