

Assembly

June 16, 2012

**Agenda Item 6A
Budget**

Date: May 30, 2012
To: ISBA Board of Governors
From: Douglas M. Barringer, CPA
Director of Administrative Services
Re: Proposed Budget 2012 – 2013

Attached please find the 2012-2013 Proposed Budget as proposed by the Board Budget and Assembly Finance Committees. The proposed budget continues to maintain important core member services without an increase in the dues rate structure. However, this budget does reflect an anticipated deficit of \$108,000 for the 2012-2013 fiscal year. This anticipated deficit of \$108,000 is 1.3% of our nearly \$8.4 million budget. In contrast to the current year's budget, the proposed budget projects a 1.9% decrease in revenue and a 1.6% decrease in expense. Overall the financial health of the association remains good and steady. The net fund balance for the association for June 30, 2012 is anticipated to be approximately \$5.4 million with \$3.0 million of that as unrestricted. As a ratio for monitoring overall financial health, the unrestricted fund balance represents 35% of our annual budget, which reflects a healthy organization. A continuing concern is the decline in dues revenue. Though the decline from last year is slight, .5%, dues revenue has declined slightly each of the last 4 years.

This budget reflects several significant adjustments including a reduction in Strategic Marketing in the amount of \$125,000; the reduction of \$115,000 in CLE net revenue; the reduction of \$72,000 in our West Thompson royalty because of their every other year publication; and the reduction of \$35,000 from Bank of America as they reduce their affinity credit card program.

To assist you in your review of the proposed budget, I have described below some of the specific changes from the 2011-2012 budget to the 2012-2013 proposed budget:

Revenue

1. An increase in Membership Dues in the amount of \$50,000 in anticipation of an upcoming membership campaign.
2. An increase in Book Publication Revenue of \$50,000 given the trend in increased book publication revenue we have realized over the last few years.
3. The royalty from the Illinois Compiled Statutes has been reduced by \$72,000 to reflect the every other year publication of the compiled statutes and the resulting royalty we receive from West Thompson.
4. The royalty from Bank of America has been reduced by \$35,000 to reflect the reduction of the affinity credit card program by BOA.

5. CLE Revenue has been reduced by \$165,000 to reflect the second half of the alphabet requiring MCLE credit and as a result of the significant competition in the number of CLE providers offering free or discounted CLE.

Expenses

1. Administrative Expenses have been increased \$117,000 or 2.1%. This increase is the net of salary adjustments, increase in indirect personnel expense, increase in staff travel, increase in the depreciation/amortization expense of the CRO remodeling and the new association management software system, and the continuation of the reduction in the CRO lease expense.
2. As a result of the renegotiation of the Illinois Bar Journal printing contract, we anticipate savings for next year in the amount of \$7,000. In addition, dollars spent in the current year for the development of the Weekly E-Clips will not be necessary for next year resulting in a reduction in that expense by \$6,000.
3. General Meetings Expenses, which include the Board of Governors, the Annual and Midyear Meetings, the ABA Meeting and the Great Rivers Conference, have been increased by \$24,500 to more accurately reflect anticipated expense for next year.
4. Program Expenses have been decreased by \$221,500 as the net result of changes in several items. Some of the items that are new or out of the ordinary include:
 - A reduction in CLE Expense of \$50,000. With the reduction in CLE revenue, expense will decrease as well.
 - Judicial Evaluations in Cook County has been reduced by \$15,000 to more accurately reflect anticipated expense and the contribution of \$1,000 by each bar association of the Alliance.
 - The removal of the \$15,000 for the utilization of an outside legal tech/management consultant and removal of the \$15,000 for the Member-to-Member Directory.
 - The reduction of \$14,500 in Legislation to more accurately reflect anticipated expenses.
 - The reduction of \$125,000 in the budget of the Strategic Marketing Campaign.
 - The increase in expense of the Solo and Small Firm Conference to reflect the additional cost of hosting the conference this year in Itasca rather than in Springfield.
5. Section and Committee Expenses for meetings have been reduced by \$45,500. This net reduction includes the addition of several new committees appointed by President Elect Thies as well as the savings realized by the continued efforts of our councils and committees regarding the frequency and location of the meetings being held.

ILLINOIS STATE BAR ASSOCIATION
ESTIMATED YEAR-END REVENUES AND
EXPENDITURES
AND
PROPOSED BUDGET FOR 2012-2013

	PROPOSED BUDGET 2012/2013	BUDGET 2011/2012	BUDGET DIFFERENCE	EST. INC/EXP JUNE 30, 2012
Income	\$8,250,000	\$8,407,000	(\$157,000)	\$8,194,500
Expenses:				
Administrative	\$5,633,000	\$5,516,015	(\$116,985)	\$5,471,500
Publications	307,000	317,000	10,000	305,500
General Meetings and Travel	569,500	545,000	(24,500)	574,000
Program Expenses	1,257,500	1,479,000	221,500	1,417,000
Committee Expenses	233,000	233,500	500	203,000
Section Expense	358,000	403,000	45,000	340,500
TOTAL EXPENSE	<u>\$8,358,000</u>	<u>\$8,493,515</u>	<u>\$135,515</u>	<u>\$8,311,500</u>
Surplus/(Deficit)	(\$108,000)	(\$86,515)	(\$21,485)	(\$117,000)
Extra Budgetary Authorizations:				
Joint Program with IJA and IWBA	\$0	\$5,000	\$5,000	\$4,273
IL Law & Leadership Institute	\$0	\$9,285	\$9,285	\$9,285
Net Surplus (Deficit)	<u><u>(\$108,000)</u></u>	<u><u>(\$100,800)</u></u>	<u><u>(\$7,200)</u></u>	<u><u>(\$130,558)</u></u>

	PROPOSED BUDGET 2012/2013	BUDGET 2011/2012	BUDGET DIFFERENCE	EST. INC/EXP JUNE 30, 2012
INCOME				
Membership Dues	\$5,750,000	\$5,720,000	\$30,000	\$5,672,000
Membership Campaign	50,000	30,000	20,000	45,000
Section Fees	445,000	445,000	0	445,000
IBJ Display Advert.	270,000	254,000	16,000	285,000
IBJ Subscriptions	13,000	13,000	0	12,000
Illinois Lawyer Now	24,000	24,000	0	24,000
Newsletter Advertising	36,000	38,000	(2,000)	38,000
Internet Advertising	34,000	25,000	9,000	34,000
Ill. Compiled Statutes	32,000	104,000	(72,000)	91,000
Ill. Courts Bulletin	17,000	18,000	(1,000)	18,000
Other Publications	4,000	5,000	(1,000)	2,500
Book Publications	150,000	100,000	50,000	149,000
Income on Investments	115,000	120,000	(5,000)	126,000
Lawyer Referral Fees	80,000	80,000	0	80,000
Public Info Material	3,000	4,000	(1,000)	3,000
Royalties Bank of America Program	75,000	110,000	(35,000)	90,000
Other Program Royalties	90,000	80,000	10,000	102,000
Other Income	2,000	2,000	0	2,000
Commercial Mailing Labels	24,000	27,000	(3,000)	24,000
CLE Programs	620,000	700,000	(80,000)	511,000
CLE Book Sales	8,000	8,000	0	8,000
CLE Electronic Sales	200,000	285,000	(85,000)	235,000
Fastcase Contribution from ISBA Mutual Insurance	90,000	90,000	0	90,000
Solo Small Firm Conference	100,000	100,000	0	97,000
Fred Lane's Programs	18,000	25,000	(7,000)	11,000
TOTAL	\$8,250,000	\$8,407,000	(\$157,000)	\$8,194,500

	PROPOSED BUDGET 2012/2013	BUDGET 2011/2012	BUDGET DIFFERENCE	EST. INC/EXP JUNE 30, 2012
ADMINISTRATIVE EXPENSES				
Staff Salaries	\$3,160,000	\$3,122,015	(\$37,985)	\$3,095,000
Payroll Taxes	275,000	240,000	(35,000)	246,000
Indirect Payroll	577,000	570,000	(7,000)	565,000
Postage and Express	248,000	264,000	16,000	244,000
IT/Data Processing	170,000	170,000	0	155,000
Telephone	44,000	42,000	(2,000)	44,000
Staff Travel	110,000	110,000	0	136,000
General Office Machines	30,000	30,000	0	26,500
Paper and Envelopes	48,000	59,000	11,000	51,000
Utilities	114,000	116,000	2,000	112,000
Building Maintenance	80,000	80,000	0	79,000
Amortization and Depreciation	250,000	190,000	(60,000)	225,000
Outside Printing/Labeling	6,000	10,000	4,000	4,000
Pressroom	64,000	66,000	2,000	61,000
Mailroom	17,000	18,000	1,000	16,000
Insurance	70,000	69,000	(1,000)	69,000
Supplies, Library, Mbrshps & Subscriptions	42,000	40,000	(2,000)	46,500
Credit Card and Bank Service Charges	81,000	73,000	(8,000)	79,000
Election Expenses	17,000	19,000	2,000	10,500
Bar Center Taxes	48,000	48,000	0	48,000
Auditors	29,000	28,000	(1,000)	28,500
Legal Service	8,000	12,000	4,000	5,500
Chicago Office Expense	145,000	140,000	(5,000)	125,000
TOTAL	<u>\$5,633,000</u>	<u>\$5,516,015</u>	<u>(\$116,985)</u>	<u>\$5,471,500</u>

	PROPOSED BUDGET 2012/2013	BUDGET 2011/2012	BUDGET DIFFERENCE	EST. INC/EXP JUNE 30, 2012
PUBLICATIONS				
Bar Journal	\$207,000	\$214,000	\$7,000	\$198,000
Unrelated Income Tax	10,000	10,000	0	10,000
Illinois Lawyer Now	23,000	22,000	(1,000)	22,000
E-Clips	27,000	33,000	6,000	33,000
Other Publications	5,000	5,000	0	5,000
Book Publications	35,000	33,000	(2,000)	37,500
Readership Survey	0	0	0	0
TOTAL	\$307,000	\$317,000	\$10,000	\$305,500

	PROPOSED BUDGET 2012/2013	BUDGET 2011/2012	BUDGET DIFFERENCE	EST. INC/EXP JUNE 30, 2012
GENERAL MEETINGS and TRAVEL				
Officers and Board	\$210,000	\$180,000	(\$30,000)	\$208,000
Officer Stipends	30,000	30,000	0	30,000
ABA Meetings	45,000	45,000	0	48,000
Annual Meeting	70,000	50,000	(20,000)	50,000
Midyear Meeting	90,000	100,000	10,000	109,000
Other	2,000	2,000	0	0
Admission Ceremonies	9,500	9,500	0	9,500
Assembly	97,000	100,000	3,000	96,500
Newsletter Editors Conf.	1,000	2,000	1,000	0
Chief Justice Reception	0	0	0	0
Senior Counselors Ceremony	5,000	10,000	5,000	7,000
Regional Member Events	4,000	4,000	0	4,000
Great Rivers Conference	6,000	12,500	6,500	12,000
Washington, D.C. Admission Ceremony	0	0	0	0
TOTAL	\$569,500	\$545,000	(\$24,500)	\$574,000

	PROPOSED BUDGET 2012/2013	BUDGET 2011/2012	BUDGET DIFFERENCE	EST. INC/EXP JUNE 30, 2012
PROGRAM EXPENSES				
Academy of Illinois Lawyers	\$2,000	\$0	(\$2,000)	\$0
Affiliated Bar Association Grants	5,000	5,000	0	5,000
Allerton House Conference	0	0	0	2,500
Bar Leadership Conference	6,000	0	(6,000)	0
CLE Program Expense	400,000	450,000	50,000	398,000
ISBA Website and Internet Services	25,000	25,000	0	25,000
Judicial Evaluations Cook	5,000	20,000	15,000	6,000
Judicial Evaluations Downstate	4,000	4,000	0	3,000
Law School Programs	5,000	5,500	500	5,500
Lawyer Referral Service	15,000	21,500	6,500	15,000
Legal Tech Consultant	0	15,000	15,000	5,000
LRE Mock Trial	0	5,000	5,000	5,000
Legislation Other	27,500	42,000	14,500	28,000
Membership and Marketing	30,000	30,000	0	30,000
Membership Publications	15,000	10,000	(5,000)	10,000
Membership Advertising	45,000	45,000	0	39,000
Member to Member Directory	0	15,000	15,000	0
Fastcase Online Research	125,000	128,000	3,000	123,000
Public Relations Other	33,000	44,000	11,000	41,000
Race Judicata Sponsorship	1,000	5,000	4,000	1,000
Strategic Marketing Campaign	300,000	425,000	125,000	495,000
Cable TV Productions	23,000	23,000	0	21,000
Public Relations Consultant	70,000	70,000	0	70,000
Solo and Small Firm Conference	100,000	70,000	(30,000)	76,000
Unauthorized Practice of Law	10,000	10,000	0	2,000
Young Lawyers Division	11,000	11,000	0	11,000
TOTAL	<u>\$1,257,500</u>	<u>\$1,479,000</u>	<u>\$221,500</u>	<u>\$1,417,000</u>

	PROPOSED BUDGET 2012/2013	BUDGET 2011/2012	BUDGET DIFFERENCE	EST. INC/EXP JUNE 30, 2012
COMMITTEE EXPENSES				
AR & DC Committee	\$4,000	\$4,500	\$500	\$3,500
Bar Services Committee	14,000	15,000	1,000	13,000
Budget & Audit	1,500	1,500	0	1,000
CLE Programs Committee	16,000	19,000	3,000	14,000
Corrections and Sentencing	5,500	7,000	1,500	5,500
Delivery of Legal Services	6,000	7,000	1,000	5,000
Disability Law Committee	5,000	5,000	0	2,000
Ed., Admission & Competence	2,500	3,000	500	2,500
Government Lawyers Committee	4,000	5,000	1,000	4,000
IBJ Editorial Board	6,500	8,000	1,500	6,000
Investment Committee	500	500	0	500
J. A. Polls	8,000	8,000	0	8,000
Judicial Evaluations - Outside Cook	15,000	15,000	0	17,000
Judicial Evaluations - Cook	3,000	3,000	0	3,000
Law Office Management and Economics	6,000	7,000	1,000	6,000
Law School Committee	6,500	7,000	500	6,000
Law Related Education	6,500	9,000	2,500	6,000
Legal Technology	7,000	12,500	5,500	10,500
Legislation Committee	4,000	4,500	500	4,000
Mental Health	10,500	6,500	(4,000)	12,000
Mentoring Committee	2,500	3,500	1,000	2,000
Military Affairs	4,000	4,000	0	4,000
Racial & Ethnic Minorities and the Law	7,000	9,000	2,000	7,000
Other Committee Expense	2,000	3,000	1,000	3,000
Professional Conduct	6,000	6,000	0	6,000
Public Relations	7,000	8,000	1,000	6,500
Scope & Correlation	500	500	0	500

	PROPOSED BUDGET 2012/2013	BUDGET 2011/2012	BUDGET DIFFERENCE	EST. INC/EXP JUNE 30, 2012
COMMITTEE EXPENSES CONTINUED				
Sexual Orientation and Gender Identity	\$10,500	\$14,000	\$3,500	\$10,000
Strategic Marketing for ISBA Members	5,500	6,000	500	5,500
Supreme Court Rules	500	500	0	0
Task Force on IL Lawyer Finder	3,000	3,000	0	2,000
Tone and Conduct Committee	500	500	0	500
Women and the Law Committee	6,000	6,000	0	6,000
Unauthorized Practice of Law	4,000	4,500	500	4,000
Diversity Leadership Council	10,000	10,000	0	13,000
Diversity Pipeline Committee	2,500	5,000	2,500	3,000
S.C. on Franchise and Distribution	0	1,000	1,000	0
Committee on Solo Small Firm Conf.	500	1,000	500	500
S. C. on Lawyers Feeding Illinois	5,000	0	(5,000)	0
S.C. on Fair and Impartial Courts	10,000	0	(10,000)	0
S. C. on Legal Education	9,000	0	(9,000)	0
S. C. on Recusal	5,000	0	(5,000)	0
TOTAL COMMITTEE EXPENSES	<u>\$233,000</u>	<u>\$233,500</u>	<u>\$500</u>	<u>\$203,000</u>

	PROPOSED BUDGET 2012/2013	BUDGET 2011/2012	BUDGET DIFFERENCE	EST. INC/EXP JUNE 30, 2012
SECTION EXPENSES				
Administrative Law	\$3,500	\$3,500	\$0	\$2,500
Agricultural Law	13,500	13,500	0	13,000
Alternative Dispute	8,000	10,000	2,000	8,000
Animal Law	5,500	6,500	1,000	4,500
Antitrust Law	1,000	2,000	1,000	1,000
Bench & Bar	12,000	16,000	4,000	12,000
Bus. Advice & Fin. Planning	5,000	6,000	1,000	5,000
Child Law	4,000	4,500	500	3,000
Civil Practice & Procedure	17,000	21,000	4,000	16,000
Commercial Banking & Bankruptcy	12,000	11,000	(1,000)	14,500
Construction Law	4,500	4,500	0	4,500
Corporate Law Department	5,000	5,500	500	4,500
Business & Securities law	6,500	8,500	2,000	6,500
Criminal Justice	14,500	16,500	2,000	14,000
Education Law	6,000	8,000	2,000	6,000
Elder Law	19,000	23,000	4,000	17,000
Employee Benefits	4,500	4,500	0	4,000
Environmental Law	8,500	9,500	1,000	7,500
Family Law	29,000	34,000	5,000	28,000
Federal Practice	6,000	6,000	0	5,000
Federal Taxation	7,500	9,000	1,500	7,000
General Practice	9,000	11,000	2,000	8,000
Health Care	12,500	13,500	1,000	12,000
Human Rights	10,500	11,000	500	10,000
Insurance Law	4,500	5,000	500	4,000
Intellectual Property	3,000	3,000	0	2,500
International Law	4,000	5,500	1,500	4,000

	PROPOSED BUDGET 2012/2013	BUDGET 2011/2012	BUDGET DIFFERENCE	EST. INC/EXP JUNE 30, 2012
SECTION EXPENSES CONTINUED				
Labor and Employment Law	\$7,000	\$8,000	\$1,000	\$7,000
Local Government	9,500	10,000	500	8,500
Mineral Law	5,500	6,000	500	5,500
Other	1,000	1,000	0	1,000
Energy, Utilities, Telecommunications, and Transportation	2,500	2,500	0	2,500
Real Estate Law	20,000	20,000	0	19,000
Senior Lawyers	7,500	7,500	0	7,000
State and Local Taxation	5,000	5,000	0	5,000
Tort Law	14,000	17,000	3,000	13,000
Traffic Laws and Courts	7,000	7,000	0	7,000
Trusts and Estates	12,000	14,000	2,000	11,000
Workers' Compensation	14,000	14,000	0	13,000
Young Lawyers Council	17,000	19,000	2,000	17,000
TOTAL SECTION EXPENSE	\$358,000	\$403,000	\$45,000	\$340,500