

Summary of the State Bar of Michigan Budget 2002-2003

Administrative Fund

On June 14, 2002, the Board of Commissioners adopted another balanced budget for the 2002-2003 fiscal year. It was a difficult accomplishment to maintain a balanced budget for two years in a row in the face of static dues and declining investment income, but through cost management and close scrutiny of all revenue and expense opportunities, we were able to manage it without program cuts or a general dues increase. For example, during the past year we have taken the following steps to improve our revenue and cost structure:

Revenue Increases:

- Began charging fees for Certificates in Good Standing
- Began crediting the dues for Affiliates (Legal Administrators and Legal Assistants) to the Administrative Fund
- Increased affinity revenue, and actively seeking other affinity programs
- Implemented charging of shipping and handling costs for Directories
- Actively developing options for increasing late fees, inactive member fees, reinstatement fees, and non-age based dues
- Secured funding from the Foundation for ATJ development

Cost Improvements:

- Reduced positions and restructured in Finance & Administration and other areas
- Reduced costs in telephone, parking, and postage
- Refinanced the debt at a lower interest rate for a reduction in interest costs
- Reduced service fees in checking and savings accounts
- Exploring options concerning employee retirement health care benefits
- Revamped the Annual Meeting (reduced format and planned for breaking even in the future)
- Increased use of e-mail to distribute information and posting information via website (committee mailings, web based e-journal, members opting out of printed *Bar Journal* to use on-line version)

Key Assumptions:

- Balanced budget
- No cuts to existing programs (other than Annual Meeting changes)
- Staffing at lower than year-end budgeted FY 2001-02 levels
- Retirement health care for past potential liability is not budgeted pending settlement

Budget Summary— State Bar Administrative Fund

Operating Revenues:

Membership Dues	\$5,333,220	
Other Operating Revenues	2,373,588	
Total Operating Revenues		\$7,706,808

Operating Expenses:

Salaries	2,762,205	
Benefits	1,242,228	
Total Labor Related		\$4,004,433
Non-Labor Operating Expenses		
Depreciation	631,980	
Other Expenses	2,891,924	
Total Non-Labor		3,523,904
Total Operating Expenses		7,528,337

Total Operating Income **\$178,471**

Non-Operating Revenue (Expenses)

Investment Income	100,000
Interest Expense	(278,000)

Total Non-Operating Income **\$(178,000)**

Increase/Decrease in Net Assets **\$471**

We expect to manage our finances to ensure we achieve this balanced budget. However, there are two risks that may impact a balanced budget including: 1) market gains and losses on investments and 2) the timing and ultimate amount of the potential Tier II retirement health care past liability.

The full budget as presented to the board is posted on the State Bar website at www.michbar.org. ♦