

## **CHAPTER 9: PLANNING, PREPARING AND IMPLEMENTING THE BUDGET**

### **A. Planning the Budget**

Planning and preparing the budget for your young lawyers section (“YLS”) is tantamount to running a small business. Considerable advance planning must go into developing a budget based on the current and future needs of the section. At the same time, budget planners must keep in mind the sources of revenue available to fund YLS programming.

The threshold task in planning a budget is to review the allocations made in the previous year’s budget. The adoption of a line item budget, using a format that includes prior year requests and actual expenditures, effectuates this comparison. Your budget should include a separate line item for each program or committee that will require funds for its operation. Expenses and income for each line item program should be included in a separate budget comparison. Finally, a summary sheet should tabulate total expenses and income to calculate an overall budget allocation.

If a line item budget was not in place in the prior fiscal year, one should be developed in the current year. This initial budget will include only one column designated “Amount Budgeted.” In the following year, two additional columns will be added and designated “Actual Budget for Prior Year” and “Amount Budgeted for Succeeding Year.” Such a format permits meaningful comparison of the cost of similar programs. Often, line items are separated in “committees” and “publications” or otherwise appropriately organized. In preparing the current year’s “budget” column, there should be a careful analysis of the deficiencies and surpluses from the previous year’s budget. If there is overhead to be allocated for a bar staff person, or otherwise, these expenses should be prorated between each of the specific programs.

In the months before the bar year starts, with some young lawyer sections, this may be as much as six months in advance, a draft budget should be prepared by the Treasurer (and or Chair-elect, depending on what your by-laws may require). The draft should be either reviewed by or made with the assistance of your YLS staff person if your YLS has bar staff assigned. Each program line item is generally based on plans of action submitted by each prospective committee and program chair, as discussed in more detail below. Before finalizing the budget, you should also meet and confer with committee and program chairs to ensure that the final draft of the proposed budget will meet their needs.

### **B. Use of Committee Plans of Action**

After reviewing the prior year’s budget, committee plans of action should be used to determine the resources necessary for the coming bar year. A plan of action utilizes a specific format that should be sent to each prospective committee chair well before the formal budgetary process begins. The prototype plan of action form should be organized to highlight the structure, timing and resources required to support the activities that the committee chair anticipates implementing during the coming bar year. The completed plan of action for each committee will serve as the justification for that committee’s line item in the budget. It is essential, therefore,

that the plan of action include a section specifically itemizing the expenses and income the committee anticipates in the coming bar year. Each prospective committee chair should routinely be sent a copy of the prior year's plan of action to use as a basis for the current document. Creativity in designing new programs, or supplementing prior plans of action, should also be encouraged. Plans of action must include sufficient specific information to describe the programs contemplated and to justify the funds being requested.

Based on the information included in the plans of action, the Chair-Elect should allocate an appropriate amount of expenses and income included in the budget for each committee. The Chair-Elect will ideally review those plans of action in advance of the commencement of the bar year. Based on his/her personal experience, combined with any required discussions with new committee chairs, the Chair-Elect will pare-down or supplement each committee budget request to conform to the resources available. This allocation of what are always scarce resources is one of the most important jobs of the bar leader.

Considerations commonly used in setting the authorized level of expenses for each line item committee (and the income expected to be generated by each committee) include:

1. The priority given a particular service or publication by the Chair-Elect (*i.e.*, the Chair-Elect may wish to increase pro bono services to the elderly during the bar year and would therefore be sure to fund projects providing such services);
2. The extent to which the committee is an important income producer, and therefore justifies greater expenditures to produce that income (*i.e.*, an important publication such as local criminal jury instructions or a popular CLE program has a potential to raise significant income; nevertheless it also requires significant up-front expenses);
3. The bar leader's confidence in a strong, motivated committee chair with proven abilities;
4. A particularly well prepared plan of action that convincingly justifies its expenditures and meticulously plots out each step of its program;
5. A committee program that reaches a large number of Section members, or is particularly important to those members (*i.e.*, a luncheon speaker series or CLE series may be particularly well attended);
6. The Chair-Elect's own experience that indicates prior committee activities were very successful or not as successful (*i.e.*, a semi-professional satirical theater production may have been expensive to produce, and, because it was poorly promoted, it generated little income, a double negative); or
7. The interest of enthusiastic young lawyers who agree to become committee chairs and whose future participation must be encouraged.

C. Budget Approval Process

Each bar association operates under a different review and approval process. It is most common for a proposed budget to be discussed and approved by the executive council of the YLS. Review and approval by the finance committee and/or executive council of the senior bar is commonly also required. Accordingly, the line item budget, and a summary budget justification based on a synopsis of each plan of action (or the plans of action themselves), should be presented to both executive councils. It is most common for the Treasurer to be totally conversant with the specifics of each budget, although this duty may also fall on your Chair-Elect depending on what your by-laws provide. A budget should be prepared and presented for approval in advance of the commencement of the bar year. By the time a proposed budget is presented to the YLS Executive Council, the Chair-Elect and/or Treasurer should have met with each committee chair individually to explain their budget decisions and even negotiate an expense authorization agreeable to the committee chair. This process, while time-consuming, elevates morale and makes each committee chair feel that he/she is an integral part of the decision making process.

Larger bar associations may delegate review of the YLS budget to separate Budget, Finance, or Planning Committees, which scrutinize programming and work out all discrepancies prior to final approval by the respective Boards.

It is essential for at least one person in the YLS to be conversant with every intricacy of the budget, whether it be the Treasurer or Chair-Elect. The person designated to be the point-person on the budget will prepare the budget, present the proposed budget to the Finance Committee and to both the YLS and Senior Bar Board (if necessary) and answer any question that might arise. Generally, the more time and thought that is put into the preparation of a summary justification, the easier it will be to obtain quick approval of a final budget.

#### D. Locating Funding Sources

The key to any successful bar year is to locate sources of revenue to fund the programs of the Section. Typical sources of revenue are the State or Local Bar Associations, State or Local Bar Endowments, the ABA/YLD, private funding, revenue generating projects, publications, or CLE. Many of these funds, or sources of revenue, are restricted to particular types of programs. The State or Local Bar staff, as well as the Chair-Elect, should familiarize themselves with the past year's funding sources and determine what funds may be tapped for various programs.

Each funding source has its own approval process. Normally, the State or Local Bar Association adopts its budget in a process similar to that of the YLS. The YLS is often a line item in the State or Local Bar Association's budget designated as "Section Expense and/or Income." The Chair-Elect of the YLS should meet with the Chair-Elect of the State or Local Bar Association in advance of the bar year to discuss particular programs for which funding will be sought. A complete line-item budget and supplementing budget justification that describes each program (based on plan of action presentations) will then be presented to the Finance Committee of the State or Local Bar Association and/or to its Executive Council.

In addition to the State or Local Bar Association, funds can be sought from the State or Local Bar Endowment, the ABA/YLD, and other sources. Each of these other sources has periodic grant request deadlines that must be complied with, along with specific application forms to be completed. A thorough and complete plan of action can be used as the basis for completion of most YLS applications. The Chair-Elect should request the application forms for these grants from an appropriate source at the ABA or State or Local Bar Endowment and distribute them to the various committee chairs. Where appropriate, they should complete the applications themselves and forward them to the respective funding sources in a timely fashion. The Treasurer or a designated officer may want to review all applications to ensure uniform quality. The key to receiving funding from any of these sources is to understand the criteria used in evaluating grant applications and to make sure that the particular program incorporates this criteria. A carefully prepared application that meets the criteria is more likely to be funded.

Don't be bashful. Where there is a will, there is a way. If a particular program chair desires to present a program, there will be funding sources available. Private funding sources are always an option in the legal community. For instance, if a professionally printed program is desired for a summer associate banquet, solicit advertising from law firms, headhunters, banks, legal equipment manufacturers and other purveyors of paraphernalia.

#### E. Securing the Funding

Most affiliates customarily receive reimbursement by submitting a reimbursement request form and a receipt to the Treasurer (and/or the Chair-Elect). The Treasurer/Chair-Elect will then check the budget and committee plan of action to ensure that an expense is appropriate and that the committee is staying within its budget. It may be helpful for the Treasurer to maintain a budget notebook, and in cases where staff is available, your assigned YLS staff member will most likely be charged with this task. Each committee can be organized under a separate tab. The line item budget, justification and plan of action for each committee are stored in the appropriate section. Then each reimbursement request, receipt and check authorized is stored under the appropriate committee tab. Common sense dictates that the money is allocated only as needed. The money can be kept in an interest-bearing account in order to maximize the amount of funding available.

It is important that the Treasurer/Chair-Elect (and YLS staff) maintain a careful running total of the amount of funds being spent. Commonly, the Treasurer prepares a monthly financial statement and updates it constantly so that he/she knows the status of expenditures/income at all times. Monthly reports are commonly presented to and discussed by the YLS Executive Council during monthly meetings. It is a mistake to assume that the funding that was available at the beginning of the year is still available at the end of the year. This is especially true in a line item budget where common expenses for many different committees are lumped together.

Consult Appendix A.2 for an example a line item for expenses.

#### F. Implementing the Budget

It is very important that a policy statement be adopted concerning reimbursement and travel expenses, food and drink, entertainment expenses, etc., that if allowed, require advance approval for any such expense, or for expenses over a specified amount. This statement should appear in the Committee Chairs Handbook as well as on the reimbursement forms. Generally, reimbursement should be available to Section members who are traveling or conducting business for the Section. Program chairs and other individuals should be encouraged to seek reimbursement from their respective employers in order to minimize these expenditures. On the other hand, it may be a good idea to occasionally provide a specific travel and expense stipend for individuals from small firms, rural areas, or from the government, for example, who are likely to become leaders in the Bar Association, but who cannot afford to pay for their trips themselves.

In addition, Sections may find it feasible to obtain telephone access codes, or calling cards, to be used by the officers so that they will not have to be reimbursed for all their YLS-related calls. Other calls can be reimbursed through the regular reimbursement process.

Successful implementation of a budget requires cooperation by the respective program chairs who will be spending the money. Each of these chairs should be notified of the budget allocation for their committee. They should be required to submit all expense reimbursements to the Treasurer and staff person for approval. Whenever possible, all printing and mailing should be done through the bar, unless a firm will do it for free. The respective firms, and Section members, should be encouraged to contribute expenses for telephone calls, travel expenses, mileage and other related costs.

Adoption and implementation of a successful budget requires years of fine tuning. The problems that are discovered each year should be addressed in subsequent years. In reality, the budget can be considered the bedrock of a successful bar year and should be treated as such by the Chair-Elect and other bar leaders.

Appendix A.3 contains an example reimbursement policy, while Appendix A.4 contains a draft budget for a bar fiscal year.