

# **COMMITTEE OF BAR EXAMINERS CLOSED SESSION AGENDA ITEM**

**AGENDA ITEM:** January 2016 – O-302

**DATE:** January 25, 2016

**TO:** Subcommittee on Operations and Management

**FROM:** Gayle Murphy, Senior Director, Admissions

**SUBJECT:** Revisions to Indirect Cost Allocation Policies

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## **BACKGROUND**

Over the years, the State Bar of California has charged back overhead costs to the various funds contained within the State Bar's budget, including the Admissions Fund. These kinds of costs include such things as IT, Finance, Human Resources, building space and maintenance, the Board of Trustees, Executive Director's Office, etc. An outside consultant was recently retained by the State Bar to review the methodology used and to report his findings and recommendations. In particular, the consultant was asked to "...review the State Bar's current Cost Allocation Plan, which includes the following tasks:

- Assessing the reasonableness of the existing cost allocation methodology in spreading "overhead" administrative costs among the programs that benefit from such costs.
- Analyzing cost and allocation base data sources.
- Reviewing the current model for allocation methodology.
- Recommending changes as appropriate."

## **DISCUSSION**

The report of the consultant has not yet been finalized, but it is my understanding that there will be an increase in the amount of indirect costs that are charged to the various funds, including the Admission Fund. The actual fiscal impact on the Admissions Fund 2016 budget has not yet been finalized, but, most likely, will be included in the 2016 budget being considered by the Board of Trustees during its meeting on February 1. In 2014, the actual indirect costs charged to the Admissions Fund based on the old formula were \$3,977,187. Preliminary figures suggest that there would be approximately an 8.61% increase in the cost using the new indirect cost formula as compared to the one used previously.

## **RECOMMENDATION**

It is recommended that the report on the revisions to the State Bar's Indirect Cost Allocation Policies be received and filed.

## **PROPOSED MOTION**

Should the Subcommittee agree with this recommendation, the following motion is suggested:

Move that the report on the revisions to the State Bar's Indirect Cost Allocation Policies be received and filed.