

MEMO**Dated: November 2, 2013****TO: CHAIRS, TREASURERS AND BUDGET OFFICERS OF
NYSBA SECTIONS****FROM: SECTION DELEGATES CAUCUS**
(Adopted by the Caucus on November 2, 2013)**RE: SECTION BUDGET SURPLUSES**

The purpose of this memo is to guide the Sections in reviewing and identifying potentially useful ways of employing their budget surpluses to benefit their Section members. The Section Delegates Caucus hopes through its focus on this issue to encourage all Sections to evaluate their need to maintain some surplus, and for those Sections that already have a sizeable surplus, to consider whether it is adequate for anticipated future needs, and if so, to explore options for putting any excess to good use.

A. How much is an appropriate section surplus?

What is an appropriate surplus depends on the section. In general, a section may accumulate and carry over from one year to the next a "reasonable" budget surplus. What is "reasonable" is determined by the needs of the section and its members. The Section Delegates Caucus suggests that each section first determine an appropriate surplus and then consider options to use amounts in excess of its needs over time for specific purposes that it identifies.

The following are excerpts from the NYSBA Finance Committee's "Financial Policy for Sections" [Section H (1)-(3) (ver 4/26/12)] that relate to section budget surpluses:

(The) rules concerning surpluses and deficits are designed to assist sections in operating on a self-sustaining basis annually, by permitting the accumulation and use of surplus funds to offset unexpected deficits or to finance special projects.

A section may accumulate a reasonable amount of surplus funds which may be carried forward from year to year. While no specific amount or time limitation is placed on the accumulation of surplus funds, the Finance Committee reserves the right to establish limitations, as warranted, on the amounts which may be accumulated, the duration for which such funds may be held, and purposes for which they may be expended. Should a section, in the opinion of the Finance Committee, accumulate an excessive surplus over several years in proportion to the section's annual budget, the Finance Committee will consult with the section chair and

fiscal officer to determine appropriate means for reducing the surplus in future years.

By allowing sections to retain surplus funds, the Finance Committee intends that such accumulation should be for long-term purposes designed to benefit the majority of section members, such as the development of educational materials or programs or the financing of studies relating to the section's area of interest. Sections are specifically discouraged from proposing the expenditure of funds merely to use an accumulated surplus, especially if such purpose is of limited benefit or duration.

- B.** Acceptable general purposes for the use of budget surpluses include:
1. Benefit most section members;
 2. Advance interests and values of the section or its members;
 3. Promote diversity;
 4. Promote participation of young lawyers;
 5. Continuing Legal Education
- C.** Specific suggestions from sections for use of surpluses. *(These suggestions are not intended to be exhaustive but are ones that sections have successfully used for their excess surpluses. Of course, there may be other appropriate uses that sections may develop in the future.)*
1. Charitable Donations
 - a. Bar Foundation
 - b. Other Charities
 - c. Scholarships
 - d. Non-monetary recognition awards to practicing attorneys
 2. Outreach Programs
 - a. Sponsor programs in law schools, colleges or high schools
 - Moot Court programs
 - Law Day
 - Other educational programs
 - b. Sponsor networking events
 - Within section (when appropriate)
 - With other sections
 - With other, non-attorney professional organizations
 - c. Section membership in other professional organizations
 3. Continuing Legal Education
 - a. Limited subsidies of program costs
(subject to CLE rules of the NYSBA)
 - b. Subsidize attendance fees
 - Young lawyers

Law Students

- c. Subsidize cost of printed materials (Subject to CLE rules of NYSBA)
 - d. Reimbursement of Speaker expenses (honoraria require approval of the NYSBA Finance Committee)
4. Education
- a. Digitize CLE course books used in previous programs
 - b. On-line experts for listserves
 - c. Subsidize costs of section publications and journals
5. Membership
- a. Programs to promote section membership for:
 - Young lawyers
 - Diversity
 - Law students
 - b. Subsidize membership fees for
 - Young Lawyers
 - Law Students
 - c. Temporary Reduction in section dues
 - d. Membership of the Section in another organization
(Subject to approval by the NYSBA Exec. Comm.)
- D. Procedures for a Section to use its budget surplus:**
- 1. Use of a surplus is subject to the consent of the NYSBA Finance Committee.
 - 2. Consent may be obtained by:
 - Specific request for authorization, or
 - Inclusion in line item in annual section budget
 - 3. To avoid the need for special consideration by the NYSBA Finance Committee of a specific request for authorization for use of a surplus, Sections may wish to consider the size and use of a surplus as part of the normal budget process.
 - 4. A Section may find it useful in addressing a budget surplus (and the rules regarding surpluses) to appoint a budget officer (or Treasurer) to serve a multi-year term.