

MAY 30 2003



THE SUPREME COURT OF MINNESOTA

FILED

BOARD OF LAW EXAMINERS
BOARD OF CONTINUING LEGAL EDUCATION
BOARD OF LEGAL CERTIFICATION

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May 30, 2003

Chief Justice Kathleen A. Blatz
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Associate Justice Paul H. Anderson
Associate Justice James H. Gilbert
Associate Justice Russell A. Anderson
Associate Justice Helen M. Meyer
Associate Justice Sam Hanson
Minnesota Supreme Court
Minnesota Judicial Center
25 Rev. Dr. Martin Luther King, Jr. Blvd
St. Paul, MN 55155

Re: FY04 Proposed Budget for the Boards of Law Examiners,
Continuing Legal Education, and Legal Certification.

Dear Chief Justice and Associate Justices:

Enclosed are copies of the FY04 proposed budgets for the Boards of Law Examiners, Continuing Legal Education and Legal Certification. These budgets have been reviewed and approved by John Kelly, chair of the Board of Law Examiners, by Eileen Wells, chair of the Board of Continuing Legal Education, and by Robert Awsumb, chair of the Board of Legal Certification.

In light of the state's current financial situation, we have taken great care in preparing FY04 budgets that hold down costs and direct funding to areas that will promote long-term cost reductions. We are also continuing to automate office operations in order to more efficiently respond to the Boards' various constituencies.

Full-time and part-time salaries represent a majority of the Boards' total cost of operations, including 55% of total proposed FY04 expenses for the Board of Law Examiners, 48% for the Board of Continuing Legal Education, and 70% for the Board of Legal Certification. We calculated FY04 salary expenses based upon an estimated 1.5% COLA, a potential for 3% merit increases and an estimated 20% increase in insurance premiums effective January 2004, although we understand that final salary decisions will be made at a later date.

Board of Law Examiners

Attached as **Exhibit A** is the Board of Law Examiner's proposed FY04 budget of \$995,350, which represents approximately a 6% increase over the FY03 approved budget. There are several items to note in regard to this proposed budget:

- If FY04 salaries are held to current salary rates (without COLA or merit increases), estimated FY04 full-time salaries would be reduced by about \$10,000. This would reduce the proposed FY04 budget to \$985,350, or about a 4.9% increase over FY03.
- The FY04 proposed budget eliminates funding for out-of-state travel.
- The University of St. Thomas School of Law will graduate its first class in the spring of 2004. Assuming they receive provisional accreditation from the ABA, their graduates will be eligible to sit for the July 2004 bar exam. We currently estimate that this graduating class will result in 100 additional applicants for the July 2004 bar exam – a 15% increase in the total number of exam applicants. These new applicants will generate an additional \$40,250 in revenue to the Board in FY04. The additional applicants will generate additional costs for administering the bar exam, most of which will occur in FY05. The increased revenues expected to be generated by these additional applicants almost entirely offset the proposed FY04 budget increase.

Footnotes attached to Exhibit A provide additional detail for each budget category.

Exhibit B shows the Board of Law Examiners' proposed expenses for FY04 compared with anticipated receipts. The FY04 proposed expenses total \$995,350 compared with \$983,738 in total receipts. The ending cash reserve for FY04 is anticipated to be about

\$1.1 million, or about 105% of the next year's budget.¹ Estimated receipts for FY04 and beyond reflect the increases in application fees effective January 1, 2003, and attorney registration fees effective July 1, 2003. Over the next five years, the Board will continue to incur expenses in excess of its receipts, thereby reducing the size of the cash reserve to about 35% of the Board's annual budget by FY08.

Footnotes attached to Exhibit B provide additional detail on the calculation of revenues for FY04 and beyond.

Board of Continuing Legal Education

Attached as **Exhibit C** is the Board of Continuing Legal Education's proposed FY04 budget, which totals \$475,979. This is a net change of only \$175 compared with the FY03 approved budget (as revised January 2003). There are several important items to note in regard to this proposed budget:

- If FY04 salaries are held to current salary rates (without COLA or merit increases), estimated FY04 full-time salaries would be reduced by about \$5,000. This would reduce the proposed FY04 budget to \$470,979.
- The FY04 proposed budget eliminates funding for out-of-state travel.
- The Court approved a revised CLE Board budget in January 2003, which dedicated an additional \$120,500 for the development of the CLE web-enabled computer system. This is in addition to the \$55,000 carried forward for this project from prior years' budgets. Drafting the project's final specifications and negotiating the project's contract delayed the start date for the development of the CLE web-enabled computer system until April 28. Development of the application is now in progress, but the entire project will not be completed by the end of FY03. Consequently, most of the funds allocated to this project (see Category 2D0-Professional & Technical Services) will not be expended in FY03, but will be carried forward into FY04. At this time, we anticipate spending about \$50,000 for development services associated with the project in FY03, carrying forward about \$102,000 into FY04. The \$102,000 carried forward for the computer system is a one-time expense.

¹ BLE cash flow requirements indicate that a minimum of 50% of the next year's budget be available at year-end. This is necessary because most of the Board's revenue from bar applications is received in the 4th quarter of the fiscal year.

Footnotes attached to Exhibit C provide additional detail for each budget category.

Exhibit D shows the proposed CLE Board revenue and expenses for FY04 and beyond. We anticipate total receipts of \$380,688 compared with \$475,979 in anticipated expenses.

In the past year, the CLE Board noted the growing cash reserve and determined that a reduction in the Board's allocation from the Attorney Registration fee could be recommended. Revenues from the \$35 course application fee were \$120,820 in FY01, \$150,780 in FY02, and are anticipated to be about \$155,000 in FY03. This fee has proven to be a reliable and consistent source of revenue for the Board, allowing the Board to become less dependent on its allocation from the Attorney Registration fee. The Board proposes that its allocation from the Attorney Registration fee (for in-state attorneys) be reduced from \$10 to \$8 per attorney effective July 1, 2003. This will result in a net reduction in the Board's Attorney Registration receipts of \$37,700 in FY04, with an additional net reduction of about \$157,800 in receipts between FY05 and FY08. This proposed reduction is reflected in Exhibit B.

The CLE Board's anticipated cash reserve at the end of FY04 is about \$336,462, or about 91% of the next year's budget. The cash reserve will slowly decrease over the next four years, reducing the cash reserve to about 51% of the budget after FY08.

In addition to approving the proposed FY04 budget, the CLE Board requests that the Court approve the proposed \$2 reduction in the Board's allocation of the attorney registration fee (from in-state attorneys) effective July 1, 2003.

Footnotes attached to Exhibit D provide additional detail on the calculation of revenues for FY04 and beyond.

Board of Legal Certification

Attached as **Exhibit E** is the Board of Legal Certification's proposed FY04 budget, which totals \$50,664, or about a 0.4% increase over the FY03 approved budget. The BLC proposed budget is modest and consistent with prior years, although the FY04 BLC budget does eliminate funding for out-of-state travel.

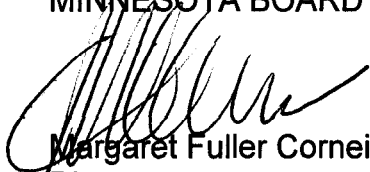
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Exhibit F shows the proposed BLC Board revenue and expenses for FY04 and beyond. We anticipate total receipts of \$47,100 in FY04 compared with \$50,664 in anticipated expenses. The anticipated cash reserve at the end of FY04 is \$44,502, or about 82% of the next year's budget. Based on current projections, the Board will continue to reduce its cash reserve over the next three years. Additional revenues or subsequent reductions in expenses will be necessary in FY06 in order to meet cash flow requirements. The Board continues to monitor this issue closely, but proposes no additional increases in revenue at this time. The Board will consider the issue again in late FY04 or early FY05.

Thank you for taking the time to review these budgets. Please call me if you have any questions or concerns regarding these proposed budgets.

Very truly yours,

MINNESOTA BOARD OF LAW EXAMINERS
MINNESOTA BOARD OF CONTINUING LEGAL EDUCATION
MINNESOTA BOARD OF LEGAL CERTIFICATION



Margaret Fuller Corneille
Director

sp/kh

Enclosures

cc: Fred Grittner
Michael Kelley

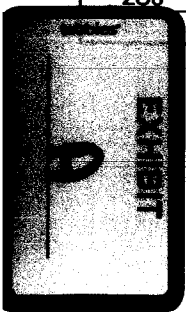
FY04 Proposed Budget

(Including Budget Expectations FY05-FY08)

Minnesota Board of Law Examiners

As of May 30, 2003

OBJECT CODE	DESCRIPTION	FY00 ACTUAL	FY01 ACTUAL	FY02 ACTUAL	FY03 APPROVED	FY04 PROPOSED	% Change	FY05 Projected	FY06 Projected	FY07 Projected	FY08 Projected
1AO	Full Time Salaries	406,980	413,114	464,818	522,343	555,230 ^A	6.3%	599,648	647,620	699,430	755,384
1BO	Part Time Seasonal	17,558	19,961	18,368	23,245	25,250 ^B	8.6%	26,260	27,310	28,403	29,539
1CO	Overtime	758	14	22	500	500	0.0%	500	500	500	500
1EO	Special Expense	628	0	0	0	0	0.0%	0	0	0	0
	TOTAL SALARIES	425,924	433,089	483,208	546,088	580,980	6.4%	626,408	675,431	728,333	785,423
2A00	Rent - Non-State Owned			31,235	68,341	71,163 ^C	4.1%	73,975	76,797	79,869	83,064
2A10	Rent - State Owned	86,730	86,729	48,252	0	0	0.0%	0	0	0	0
2A90	Rent - Other	23,350	20,238	35,861	46,703	47,000 ^D	0.6%	50,290	53,810	57,577	61,607
2AO	TOTAL RENT	110,080	106,968	115,348	115,044	118,163	2.7%	124,265	130,607	137,446	144,671
2BO	Repairs & Alterations	5,471	4,385	13,171	10,800	19,264 ^E	78.4%	20,035	20,836	21,669	22,536
2CO	Printing & Advertising	25,115	18,444	15,448	18,500	18,000 ^F	-2.7%	18,720	19,469	20,248	21,057
2DO	Professional & Technical Services	94,178	105,160	116,809	113,540	123,310 ^G	8.6%	128,242	133,372	138,707	144,255
2EO	Computer and Systems Services	553	696	205	12,550	13,000 ^H	3.6%	13,520	14,061	14,623	15,208
2FO	Communications (mail/phone/delivery)	17,635	18,789	20,982	20,800	21,840 ^I	5.0%	22,714	23,622	24,567	25,550
2GO	Travel & Subsistence (In State)	1,412	1,642	1,291	1,560	1,575 ^J	1.0%	1,638	1,704	1,772	1,843
2HO	Travel & Subsistence (Out-State)	1,440	1,843	1,590	2,150	0 ^K	-100.0%	2,236	2,325	2,418	2,515
2JO	Supplies (plus misc. equipment under \$2,000)	26,674	22,461	21,908	24,290	24,775 ^L	2.0%	25,766	26,797	27,869	28,983
2KO	Equipment & Equipment Rental	6,335	5,850	18,926	6,327	6,500 ^M	2.7%	6,760	7,030	7,312	7,604
2LO	Employee Development	2,918	1,671	2,192	1,807	1,850	2.4%	1,924	2,001	2,081	2,164
2MO	Other Purchased Services	19,945	28,325	25,448	23,683	23,500 ^N	-0.8%	24,440	25,418	26,434	27,492
2PO	Statewide IDC (use of Court accounting system)	751	550	550	570	593 ^O	4.0%	617	641	667	694
2S3	Attorney General Legal Costs	40,660	19,030	35,888	41,500	42,000 ^P	1.2%	43,680	45,427	47,244	49,134
	TOTAL	779,091	768,912	872,974	939,209	995,350	6.0%	1,060,965	1,128,741	1,201,390	1,279,130



FY04 Budget Expectations

- A. Full Time Salaries** – FY04 full time salaries budget based on Supreme Court recommendations – Increases calculated as 1.5% COLA, 3% merit and 20% insurance (effective January 2004).
- B. Part Time Salaries** – FY04 includes cost of part time C&F staff member including 1.5% COLA and 3% merit increases. Also includes base cost of bar exam proctors/staff and \$1,500 for anticipated additional staffing costs to cover 80 more applicants to the bar in FY04.
- C. Rent – Non State Owned** – Based on lease agreement with Galtier Plaza, set at \$71,163 for FY04.
- D. Rent – Other** – Includes staff, board and other parking and RiverCenter rental for February and July Bar Exam. No budgeted cost increase for this category.
- E. Repairs and Alterations** – Includes cost for leasing office mail machine, copier and fax machine maintenance contracts, and other regular office maintenance costs. Includes \$12,000 for relocation of HVAC equipment in the Board's office space.
- F. Printing** – Includes cost of printing bar applications, exam essay questions, exam answer booklets, board rules, application instructions, certificates and oaths, ceremony programs and other bar exam printed materials. FY04 represents a 3% decrease compared to the FY03 budget.
- G. Professional and Technical Services** – Includes costs of all professional and technical services related to the bar exam including the cost of drafting essay questions, grading the exam, purchasing the MBE and MPT portions of the exam, misc. costs of completing character and fitness investigations, medical evaluations, etc. FY04 represents a 2% increase over the FY03 budget. FY04 also includes \$5,000 to conduct a Character and Fitness follow up study and \$2,500 for increased costs of purchasing and grading the bar exam for 80 more bar applicants.
- H. Computer Systems** – Includes the cost of network maintenance services and server/workstation software upgrades. FY04 represents a 3.5% increase over FY03.

- I. **Communications** – Includes costs of phone service, mailing and packaging. FY04 represents a 5% increase over FY03 to cover increased cost for telecommunications (Qwest/Intertech) billing.
- J. **In-State Travel (and Staff Reimbursements)**– Includes cost of instate travel and misc. staff reimbursements. FY04 represents a 1% increase over FY03.
- K. **Out-State Travel** – No funds dedicated for this activity in FY04 per the Judicial Travel Freeze.
- L. **Supplies** – Includes the cost of ordinary office supplies for Board operations. FY04 represents a 2% increase over FY03
- M. **Equipment** – Includes the cost of regular replacement of computer and office equipment – including necessary equipment for implementation of ExamSoft for the bar exam. FY04 represents a 3% increase over FY03.
- N. **Other Purchased Services** – Includes the cost of board member reimbursements (travel), hotel accommodations for board members, catering for board meetings, temporary staffing expenses, document destruction, long-term record storage and other operating expenses relating to board operations. FY04 represents a 1% decrease compared to FY03
- O. **Statewide IDC** – Includes costs of mandated Indirect Cost Recovery for the State of Minnesota. FY04 represents a 4% increase over FY03
- P. **Attorney General Legal Costs** – Includes Attorney General legal costs for investigation of bar applicants and hearings. FY04 represents a 1% increase over FY03.

FY04 Proposed Income and Receipts

(Including Expense and Revenue Expectations FY05-FY07)

Minnesota Board of Law Examiners

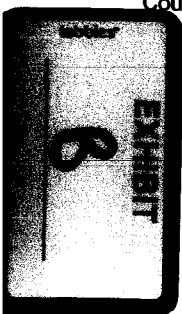
As of May 30, 2003

	FY01 ACTUAL	FY02 ACTUAL	FY03 ANTICIPATED	FY04 PROPOSED	FY05 PROJECTED	FY06 PROJECTED	FY07 PROJECTED	FY08 PROJECTED
Number of Attorneys			23,389	23,709	24,059	24,409	24,759	25,997
BALANCE IN (Cash Carry Forward)	1,270,227	1,305,779	1,216,445	1,127,724	1,116,112	1,051,185	924,782	732,031
Annual Receipts								
Bar Exam Application Fees ¹	332,175	323,210	384,600	453,550 ^A	459,550	459,550	459,550	459,550
Motion Application Fees ¹	106,327	94,450	102,469	104,450 ^A	104,450	104,450	104,450	104,450
Misc. Fees ¹	6,123	4,055	4,000	4,000	4,000	4,000	4,000	4,000
Attorney Registration Fee (\$18/attorney) ²	473,357	366,469	350,385	426,762 ^B	433,062	439,362	445,662	467,945
Applicant Refunds ¹	(7,475)	(6,010)	(8,300)	(8,300)	(8,300)	(8,300)	(8,300)	(8,300)
Staff Parking Reimbursements		1,466	3,276	3,276	3,276	3,276	3,276	3,276
Subtotal Receipts	798,057	783,641	836,430	983,738	996,038	1,002,338	1,008,638	1,030,921
Reserve plus Annual Receipts	2,068,284	2,089,420	2,052,875	2,111,462	2,112,150	2,053,523	1,933,420	1,762,952
EXPENSES	(768,912)	(872,974)	(925,151)	(995,350)	(1,060,965)	(1,128,741)	(1,201,390)	(1,279,130)
BALANCE OUT (Ending Cash Balance)	1,305,779	1,216,445	1,127,724	1,116,112	1,051,185	924,782	732,031	483,822
% EXPENDITURES FOR NEXT FY	149.58%	131.49%	113.30%	105.20%	93.13%	76.98%	57.23%	35.52%

Footnotes

¹ Anticipated Receipts for FY03 and beyond include the previously approved increases in bar application fees, which became effective January 1, 2003 (Supreme Court Order C5-84-2139).

² Anticipated Receipts for FY04 and beyond include the previously approved increase in the BLE Board's allocation of the Attorney Registration Fee, which is effective July 1, 2003 (Supreme Court Order C1-81-1206).



FY04 Revenue Expectations

- A. Application and Misc. Fee Receipts** - Includes \$418,000 in base application and miscellaneous fees revenues plus an additional \$111,750 in additional revenues resulting from the approved increase in bar applications fees, plus an additional 32,250 resulting from the first class of law students graduating from the University of St. Thomas (estimated to increase the number of bar exam applications by 80 students). FY05 and beyond includes \$38,250 for the additional St. Thomas bar applicants because they will be taking the February bar exam as well as the July exam.

- B. Attorney Registration Fee** – Includes the approved increase in the allocation of the Attorney Registration Fee to the Board of Law Examiners, currently \$18 per attorney. The number of registered attorneys is expected to increase 1.5% per year in FY04 and beyond.

FY04 Proposed Budget

(Including Budget Expectations FY05-FY08)

Minnesota Board of Continuing Legal Education

As of May 30, 2003

Code	Description	FY00	FY01	FY02	FY03	FY03	FY04	Change	FY05	FY06	FY07	FY08
		ACTUAL	ACTUAL	ACTUAL	APPROVED	ANTICIPATED	PROPOSED		PROJECTED	PROJECTED	PROJECTED	PROJECTED
1AO	Full Time Salaries	147,924	152,532	201,595	215,210	215,000	226,910 ^A	5.4%	245,063	264,668	285,841	308,709
1BO	Part Time Seasonal	12,575	18,915	0	0	0	0	0.0%	0	0	0	0
1CO	Overtime	15	159	0	0	0	0	0.0%	0	0	0	0
1EO	Special Expense	27	194	0	0	81	0	0.0%	0	0	0	0
	SUBTOTAL SALARIES	160,541	171,800	201,595	215,210	215,081	226,910	5.4%	245,063	264,668	285,841	308,709
2A00	Rent - Non State Owned	0	0	8,329	18,224	18,224	18,977 ^B	4.1%	19,729	20,483	21,302	22,154
2A10	Rent State Owned	23,128	23,127	12,867	0	0	0	0.0%	0	0	0	0
2A90	Rent - Other	551	711	2,510	5,192	5,192	5,192 ^C	0.0%	5,400	5,616	5,840	6,074
2AO	SUBTOTAL RENT	23,679	23,838	23,707	23,416	23,416	24,169	3.2%	25,129	26,099	27,143	28,228
2BO	Repairs & Alterations	1,134	1,144	3,139	3,773	1,850 ¹	5,175 ^D	37.2%	2,262	2,352	2,447	2,544
2CO	Printing & Advertising	1,892	2,152	1,771	2,600	2,200	2,513 ^E	-3.3%	2,614	2,718	2,827	2,940
2DO	Professional & Technical Services	16,626	57,013	16,317	165,150	53,700 ²	160,000 ^F	-3.1%	40,000	41,600	43,264	44,995
2EO	Production and Maintenance	39	722	0	15,080	14,000 ³	12,500 ^G	-17.1%	13,000	13,520	14,061	14,623
2FO	Communications	9,450	10,933	11,152	10,192	10,250	10,750 ^H	5.5%	11,180	11,627	12,092	12,576
2GO	Travel & Subsistence (In State) & Misc. Reim.	93	166	1,211	1,040	500	1,050 ^I	1.0%	1,092	1,136	1,181	1,228
2HO	Travel & Subsistence (Out-State)	99	251	1,450	2,080	1,750	0 ^J	-100.0%	2,250	2,340	2,434	2,531
2JO	Supplies	6,817	4,328	5,142	6,816	7,887 ¹	6,000 ^K	-12.0%	6,240	6,490	6,749	7,019
2KO	Equipment	3,145	4,151	6,476	16,750	16,000 ⁴	6,000 ^L	-64.2%	6,240	6,490	6,749	7,019
2LO	Employee Development	696	422	1,902	2,080	1,100	2,000 ^M	-3.8%	2,080	2,163	2,250	2,340
2MO	Other Purchased Services	7,323	9,843	15,465	5,071	6,178	6,500 ^N	28.2%	6,760	7,030	7,312	7,604
2PO	Statewide IDC (use of Court Acct. System)	375	367	367	396	352	412 ^O	4.0%	428	446	463	482
2S3	Attorney General Legal Costs	0	0	7,743	6,500	6,000	12,000 ^P	84.6%	7,000	7,280	7,571	7,874
	TOTAL	231,909	287,137	297,442	476,154	360,264	475,979	0.0%	371,337	395,958	422,383	450,712

Numbered Footnotes

1. Includes \$1,600 for workstation reconfigurations that were billed to 2JO-Supplies instead of 2BO-Repairs & Alterations, as originally anticipated
2. Includes \$152,000 for development of web-enabled MBCLE system. We anticipate spending \$50,000 of these project funds in FY03, carrying forward the remaining expenses into FY04.
3. Includes \$11,000 for purchase of SQL 2000 server licensing (MBCLE web-enablement Project)
4. Includes 12,500 for purchase of new web server, file server, and network firewall



FY04 Budget Expenditure Expectations

A. Full Time Salaries – FY04 full time salaries budget based on Supreme Court recommendations – Increases calculated as 1.5% COLA, 3% merit and 20% insurance (effective January 2004). The CLE Board's salary allocation of staff positions for FY04 is:

Director: 25%	Office Administrator: 20%
CLE Administration: 75%	Office Assistant: 15%
CLE Staff Assistants (2): 95%	Receptionist: 5%

B. Rent – Non-State Owned – Based on lease agreement with Galtier Plaza, set at \$18,977 for FY04.

C. Rent – Other- Includes staff, board and other parking. No budgeted increase for FY04

D. Repairs and Alterations – Includes cost for leasing office mail machine, copier and fax machine maintenance contracts, and other regular office maintenance costs. FY04 also includes \$3,000 for possible relocation of HVAC equipment.

E. Printing and Advertising – Includes cost for printing rules and printing preprinted CLE compliance notices. FY04 represents a 3% decrease compared with FY03.

F. Professional and Technical Services – Includes cost of professional services to maintain the MBCLE system and potential maintenance costs for maintaining the new web-enabled MBCLE system and e-payment functionality. Also includes \$102,000 carried forward from FY03 to complete the MBCLE system web-enablement project.

G. Computer Systems – Includes the cost of network maintenance services and server/workstation software upgrades, and third party software licensing as part of the MBCLE system web-enablement project. FY04 represents a 17% decrease compared with FY03.

- H. **Communications** – Includes costs of phone service, mailing and packaging. FY04 represents a 5% increase over FY03 anticipated expenses to cover increased telecommunications and mailing expenses.
- I. **Travel and Subsistence (In State and Misc Staff Reimbursements)** – Includes cost of in-state travel costs and misc. staff reimbursements. FY04 represents a 1% increase over FY03.
- J. **Travel and Subsistence (Out-of-State)** - No funds dedicated for this activity in FY04 per the Judicial Travel Freeze.
- K. **Supplies** – Includes the cost of ordinary office supplies for Board operations. FY04 represents a 12% decrease compared with FY03.
- L. **Equipment** – Includes the cost of regular replacement of computer and office equipment. FY04 represents a 64% decrease over FY03 (FY03 included the cost of 2 new servers to support the MBCLE network and the web-enabled system).
- M. **Employee Training** – Includes the cost of association memberships and regular employee training. FY04 represents a 4% decrease compare with FY03.
- N. **Other Purchased Services** – Includes the cost of board member reimbursements (travel to/from meetings), hotel accommodations for board members, catering for board meetings and temporary staffing expenses, document destruction, long-term record storage and other operating expense related to board operations. FY04 represents a 5% increase over FY03 anticipated expenses.
- O. **Statewide IDC** – Includes costs of mandated Indirect Cost Recovery for the State of Minnesota. FY04 represents a 4% increase over FY03.
- P. **Attorney General Legal Costs** - Includes Attorney General legal costs. FY04 includes \$5,500 in additional anticipated legal costs in response to current bias rules challenge currently before the board.

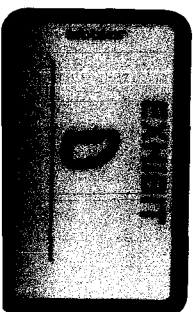
FY04 Proposed Revenues and Expenses

(Including Expense and Revenue Expectations FY05-FY07)

Minnesota Board of Continuing Legal Education

As of May 30, 2003

	FY01 ACTUAL	FY02 ACTUAL	FY03 ANTICIPATED	FY04 PROPOSED	FY05 PROJECTED	FY06 PROJECTED	FY07 PROJECTED	FY08 PROJECTED
ANTICIPATED NUMBER OF ATTORNEYS			23,359	23,709	24,059	24,409	24,759	25,109
BALANCE IN (Cash Carry Forward)	159,651	253,008	369,242	431,503	336,212	348,363	338,692	305,397
Annual Receipts								
Late/Transfer Fees	45,975	43,125	48,000	45,000 ^A	45,000	45,000	45,000	45,000
Attorney Registration Fees	213,899	219,380	218,650	222,513 ^B	226,013	229,513	233,013	236,513
Attorney Registration Rev Reduction				(37,700) ^C	(38,400)	(39,100)	(39,800)	(40,500)
Course Credit Application Fees	120,820	150,780	155,000	150,000 ^D	150,000	150,000	150,000	150,000
Staff Parking Reimbursements		391	875	875 ^E	875	875	875	875
Subtotal Receipts	380,694	413,676	422,525	380,688	383,488	386,288	389,088	391,888
Reserve plus Annual Receipts	540,345	666,684	791,767	812,191	719,700	734,651	727,780	697,285
Base Expenses	(287,137)	(297,442)	(360,264)	(475,979)	(371,337)	(395,958)	(422,383)	(450,712)
BALANCE OUT (Ending Cash Balance)	253,008	369,242	431,503	336,212	348,363	338,692	305,397	246,572
%EXPENDITURES FOR NEXT FY	75.94%	102.49%	90.66%	90.54%	87.98%	80.19%	67.76%	51.37%



FY04 Budgeted Revenue Expectations

- A. Attorney Late/Transfer Fees** - CLE anticipates collecting \$45,000 in attorney Late and Transfer fees in FY04.
- B. Attorney Registration Fees** – CLE anticipated collecting \$222,513 in Attorney Registration Fees. CLE receives \$10 per in-state attorney (estimate of 18,850 registered in-state attorneys in FY04) and \$7 per out-state attorney (estimate of 4,859 registered out-of-state attorneys in FY04).
- C. Attorney Registration Fee Reduction** - Estimated reduction of revenue based on Board recommendation to reduce the allocation of Attorney Registration Fees for in-state attorneys from \$10 to \$8 per attorney. Total revenue reduction equals \$37,700 in FY04 (\$2 per attorney for \$18,850 in-state attorneys).
- D. CLE Course Credit Application Fees** – CLE receives \$35 per course approval application submitted. CLE anticipates collecting \$150,000 in CLE Course Credit Application Fees.
- E. Staff Parking Reimbursement** – Reimbursement by CLE staff for employee parking expenses.

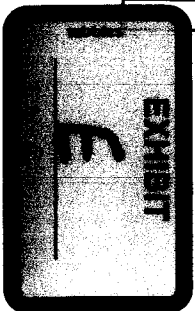
FY04 Proposed Budget

(Including Budget Expectations FY05-FY08)

Minnesota Board of Legal Certification

As of May 30, 2003

OBJECT CODE	DESCRIPTION	FY00 ACTUAL	FY01 ACTUAL	FY02 ACTUAL	FY03 APPROVED	FY04		FY05 PROJECTED	FY06 PROJECTED	FY07 PROJECTED	FY08 PROJECTED
						PROPOSED	% Change				
1AO	Full Time Salaries	32,195	32,453	29,995	34,500	35,622	¹ 3.3%	38,472	41,550	44,873	48,463
1BO	Part Time Seasonal										
1CO	Overtime	15									
1EO	Special Expense	27									
	SUBTOTAL SALARIES	32,237	32,453	29,995	34,500	35,622	3.3%	38,472	41,550	44,873	48,463
2A00	Rent - Non State Owned			2,082	4,556	4,745	² 4.1%	4,932	5,120	5,325	5,538
2A10	Rent State Owned	5,785	5,781	3,216	0	0		0	0	0	0
2A90	Rent - Other	178	238	531	1,893	1,750	³ -7.6%	1,820	1,893	1,969	2,047
2AO	SUBTOTAL RENT	5,963	6,019	5,830	6,449	6,495	0.7%	6,752	7,013	7,293	7,585
2BO	Repairs & Alterations	198	228	751	862	1,530	⁴ 77.5%	551	573	596	620
2CO	Printing & Advertising	18	0	80	262	250	⁵ -4.6%	260	270	281	292
2DO	Professional & Technical Services	256	0	1,855	250	250	⁶ 0.0%	260	270	281	292
2EO	Production and Maintenance	0	0	0	770	1,075	⁷ 39.6%	1,118	1,163	1,209	1,258
2FO	Communications	852	957	1,037	1,540	1,575	⁸ 2.3%	1,638	1,704	1,772	1,843
2GO	Travel & Subsistence (In State) & Misc. Reim.	57	80	68	101	250	⁹ 147.5%	260	270	281	292
2HO	Travel & Subsistence (Out-State)	39	1,188	883	1,560	0	¹⁰ -100.0%	1,500	1,560	1,622	1,687
2JO	Supplies	1,011	838	956	875	945	¹¹ 8.0%	983	1,022	1,063	1,106
2KO	Equipment	187	99	1,126	259	272	¹² 5.0%	283	294	306	318
2LO	Employee Development	166	263	335	406	400	¹³ -1.5%	416	433	450	468
2MO	Other Purchased Services	3,482	1,404	1,712	2,651	2,000	¹⁴ -24.6%	2,080	2,163	2,250	2,340
	TOTAL	50,429	43,534	44,633	50,485	50,664	0.4%	54,573	58,285	62,279	66,565



BLC FY04 Proposed Expenditures Footnotes

1. **1A0 Full Time Salaries.** FY04 full time salaries budget based on Supreme Court recommendations – Increases calculated as 1.5% COLA, 3% merit and 20% insurance (effective January 2004). The BLC Board's salary allocation of staff positions for FY04 is:

Director: 5%

CLE/BLC Administrator: 25%

Office Administrator: 5%

Office Assistant: 10%

Receptionist: 5%

2. **2A0 Rent.** Galtier Plaza Rent is per lease agreement: \$18.91 per square foot for FY04; \$19.66 per square foot for FY05; \$20.41 per square foot for FY06. Thereafter, increases are estimated at 4%.
3. **2A90 Rent-Other.** Includes cost for staff parking (\$1,020) and Board Parking (\$572).
4. **2B0 Repairs and Alterations.** Includes cost for renting postage machine (\$130), fax and copier machine maintenance contracts (\$200) and possible relocation of HVAC equipment (\$1,000).
5. **2C0 Printing and Advertising.** Includes cost of board printed materials including rule books. FY04 base of \$250.
6. **2D0 Professional and Technical Services.** Includes the cost of professional and technical services purchased from outside sources. FY04 base of \$250.
7. **2E0 Production and Maintenance Services.** Includes the cost of network maintenance (\$625) and server software acquisitions (\$300).
8. **2F0 Communications.** Includes the cost of telecommunications services, postage, and delivery. FY04 represents a 2.2% increase over FY03 to cover increased postage and telecommunications expenses.
9. **2G0 Travel (In-State) and Misc. Reimbursements.** Includes the cost of in-state travel and other miscellaneous reimbursements to staff for purchases made on behalf of the BLC board.
10. **2H0 Travel (Out-of-State).** Includes the cost of out-of-state travel. No money allocated for this category in FY04 per the Judicial travel freeze.

11.2J0—Supplies. Includes the cost of regular office supplies for board office operations. FY04 base cost of \$945.

12.2K0—Equipment. Includes the cost of major equipment purchase. FY04 base cost of \$272.

13.2L0-- Employee Development. Includes the cost of employee development and association memberships. FY04 base cost of \$400.

14.2M0--Other Purchased Services. Includes the cost of board member reimbursement (travel to/from board meetings), hotel accommodations for board members, catering for board meetings, document destruction, long-term record storage and other operating expenses related to board operations. FY04 base of \$2,000.

FY04 Proposed Expenses and Receipts

(Including Expense and Revenue Expectations FY05-FY08)

Minnesota Board of Legal Certification

As of May 30, 2003

	FY01 ACTUAL	FY02 ACTUAL	FY03 ANTICIPATED	FY04 PROPOSED	FY05 PROJECTED	FY06 PROJECTED	FY07 PROJECTED	FY08 PROJECTED
Balance In (Cash Carry Forward)	33,300	45,590	45,056	48,066	44,502	34,329	24,044	8,865
Total Receipts	56,218	44,100	48,000	47,100	44,400	48,000	47,100	44,400
Cash Available (Balance in plus total receipts)	89,518	89,690	93,056	95,166	88,902	82,329	71,144	53,265
Less Expenses	(43,534)	(44,633)	(44,990)	(50,664)	(54,573)	(58,285)	(62,279)	(66,565)
Balance Out (Ending Cash Balance)	45,590	45,056	48,066	44,502	34,329	24,044	8,865	
% Of Next FY Expenditures	90%	100%	95%	82%	59%	39%	13%	

