
IV. Budget and Finance

A. Overview of Financial Operation and Budget Process

(A.) General Assembly Appropriation

Although it is a state agency, the Virginia State Bar receives no general fund or tax dollars. It is funded by dedicated special revenues derived primarily from bar dues which are held in the State Bar Fund with the Treasurer of Virginia. Regardless of cash balances on hand in the State Bar Fund, the VSB is authorized to spend **only** the amount of money appropriated to it by the General Assembly of Virginia in the state budget. This appropriation request is included in the Governor's budget, and made through the state's biennium budget process. Traditionally, the General Assembly has approved the bar's biennium budget request.

(B.) Special Funds

Virginia State Bar funds are held in three separate accounts: the State Bar Fund; the Administration and Finance Account, and the Clients' Protection Fund. Each of these accounts is authorized by statute or rule of court and is audited annually by the State's Auditor of Public Accounts.

The State Bar Fund is the bar's operating account. This fund is comprised of member dues and penalty fees, as well as fees from a variety of other sources including MCLE sponsors, professionalism course registration, cost assessments in disciplinary matters and section revenues. Va. Code § 54.1-3913.

The Administration and Finance Account was created in 1987 to manage revenues and expenses for meetings that are supported by registration receipts rather than mandatory dues. Today, the Annual Meeting and the Midyear Seminar are handled through the A&F Account. The fund is used to pay expenses that cannot be paid with state funds. Va. Sup. Ct. R. Part 6, § IV, ¶9(i).

The Clients' Protection Fund was established in 1976 to make monetary awards to persons who have suffered financial losses because of the dishonest conduct of a Virginia lawyer. The fund is administered by a fourteen member board and operates under rules approved by the Council. From 1976 to 2005, the fund was primarily capitalized by member dues through transfers from the State Bar Fund. In 2007, the General Assembly and the Supreme Court approved a \$25 per year assessment for each active member of the bar. It is anticipated that some \$700,000 per year will be added to the corpus of the fund. The goal is to increase the fund to \$9,000,000 as recommended by a 2005 actuarial study directed by the Supreme Court. Va. Sup. Ct. R. Part 6, § IV, ¶16; Va. Code § 54.1-3913.1.

(C.) Annual Process for Operating Budget

Each January, the VSB staff begins developing the operating budget for the following fiscal year beginning July 1. The proposed budget is reviewed and finalized by the Standing Committee on Budget and Finance in March and then submitted to the Executive Committee for its review and approval in April. The budget is also sent to the Supreme Court of Virginia for its input in April. Finally, the budget is presented to the Council for approval at its June meeting held in conjunction with the VSB Annual Meeting.

B. Financial Policies

(A.) Dues Increases

No increase in the annual dues will be authorized by the Court whenever the total combined cash balances of the State Bar Fund and the Virginia State Bar's Administration and Finance Account shall exceed fifteen (15) percent of the total annual operating expenditures of the Virginia State Bar for the year preceding the year in which the dues increase is sought. (Rules of Court, Part Six, Section IV, Paragraph 11)

(B.) Expenses for Group Functions

The Executive Committee has directed the VSB staff to negotiate the best rate possible (considering location and circumstances) for group functions sponsored by the Virginia State Bar.

(C.) Use of State Bar Funds

As a matter of policy, funds in the custody of the Virginia State Bar shall not be used for the purpose of contributing to, or sponsoring, the social activities of any organization excepting those organizations to which the VSB owes a duty as a participating member.

Approved by VSB Executive Committee
December 1988

Approved by Council
February 1989

(D.) Alcohol and Spouse Expenses

Senate Joint Resolution 263 (1995) directed the Joint Legislative Audit and Review Commission (JLARC) to conduct an analysis of the Virginia State Bar. The review began in the spring of 1995 and was concluded with a report to the commission on December 11, 1995. One recommendation stated that the Virginia State Bar should discontinue the practice of paying for expenses from its Administration and Finance Account which are inconsistent with the intent of the Supreme Court of Virginia in establishing and authorizing the fund.

In June 1996, Council amended its policy to prohibit the use of State Bar funds for spousal travel expenses and purchase of alcohol.

(E.) Invoices and Miscellaneous Expenses

Miscellaneous expenses (copying, telephone, postage) should not be included on the travel reimbursement form and must be billed directly to the Virginia State Bar on your letterhead or firm's invoice form. The State Comptroller's Office requires detailed explanations and documentation for these expenses.

C. Travel Expense Reimbursement Policies and Procedures

Volunteer Travel Expense Reimbursement Guidelines

The Virginia State Bar (VSB) follows the Commonwealth of Virginia Travel Regulations with certain exceptions. Reasonable and necessary travel expenses incurred by committee members attending committee meetings are reimbursable by the Virginia State Bar. This includes mileage or fares, lodging and certain meal expenses; however, alcoholic beverages and spousal expenses are NOT reimbursable. Committee members are encouraged to minimize travel expenses by reducing overnight stays in connection with committee business. To this end, committee chairs are requested to call meetings at such times and in such places that costs of travel by committee members will be held to a minimum.

Travel reimbursement requests should be filed IMMEDIATELY after a meeting. All vouchers received more than 30 days after the completion of the trip must be approved by the Executive Director. Reimbursement requests received more than thirty days after completion of travel may not be honored.

With reasonable notice, arrangements can be made for a committee to use a VSB meeting room. Meetings at "resort" hotels are usually not allowed and must be cleared in advance by the Executive Committee.

Members attending the VSB Annual Meeting held in June at Virginia Beach are expected to pay their own expenses as a part of their professional responsibility. Hence, expenses of members attending committee meetings scheduled immediately before, after or during the Annual Meeting are NOT REIMBURSABLE. This also applies to committee meetings scheduled immediately before, after or during regular meetings of various voluntary state associations (i.e., VBA, VTLA and VADA) and are considered to be held for the convenience of lawyers attending those association meetings. This policy is in accord with that of the American Bar Association and other state bar associations.

Please refer to the attached sample Travel Expense Reimbursement Voucher for details. Travel Vouchers should be typed or handwritten legibly. Travel expense reimbursement vouchers are available from the bar office (Excel spreadsheet or PDF version via e-mail). Send your email request to: oakley@vsb.org. **Each day's expenses must be itemized separately on the voucher. You must attach appropriate itemized receipts.** Travel reimbursements will not be made from credit card receipts or statements.

Volunteer Travel Expense Reimbursement Voucher

Detailed Instructions

The Virginia State Bar (VSB) follows the Commonwealth of Virginia Travel Regulations with certain exceptions. Since the Virginia State Bar operates entirely on its own revenue, and is a non-Executive Branch agency, some flexibility is allowed in our internal guidelines.

The voucher must be presented for payment within thirty (30) days after completion of travel. All expenses must be reasonable and necessary and related to official VSB business.

The following expenses are reimbursable on the travel voucher:

Mileage: \$.555/mile for travel by personal automobile (eff. 7/1/2011)

Transportation: **ORIGINAL RECEIPTS REQUIRED, PHOTOCOPIES NOT ACCEPTED;** includes necessary train, cab, bus fares. For reimbursement of airline ticket charges, ticket stubs or a hardcopy of the confirmation from an Internet reservation site showing the total cost and confirmed services must be attached to the travel voucher. If you choose to fly to and from a meeting, you will be reimbursed for the most economical means of travel; airfare or mileage, meals, and lodging, whichever is less. Car rental is only allowed in rare cases; contact the VSB Fiscal Office for advance approval.

Lodging: **ORIGINAL RECEIPTS REQUIRED, PHOTOCOPIES NOT ACCEPTED.** State travel regulations set the standard lodging rate at \$77 within the state of Virginia. This standard rate may vary for different locations. **Effective 10/1/2010, the standard lodging rate for Richmond city limits is \$114.** State guidelines should be followed when possible; otherwise, reimbursement may be allowed for a higher amount, not to exceed 150% of the state approved rates. Please consult your liaison or the Virginia State Bar Fiscal Office for rates in specific locations. Please note that whenever a staff person has established a negotiated rate for a specific event, this rate overrides the standard rate for that area.

Telephone: Personal telephone calls are not a reimbursable expense.

Parking, Tolls, and Tips: Must be claimed as "Other Expense"; if parking or toll charge exceeds \$10, an original receipt is required. Valet parking is reimbursable only when a special need justifies the expense. Incidental tips for bellman, transportation, parking and other similar travel related services is limited to \$10 per day.

Meals: Necessary & reasonable; meal reimbursement is normally allowed only when overnight travel is involved. Reimbursement for meal gratuity is limited to 20% for exceptional service. In order to be reimbursed for meals, you must indicate the time of departure and arrival on your voucher. The following amounts are allowed for meal reimbursement, including taxes and gratuity:

Breakfast	\$15
Lunch	\$15
Dinner	\$35

Snacks are not a reimbursable expense.

If you claim reimbursement for another VSB volunteer in addition to yourself, you must list the names(s) of the individual(s) included.

The following information must be included on the travel voucher (refer to numbers on attached sample copy):

1. Agency – Virginia State Bar
2. Social Security #: – enter social security number of traveler – **required**
3. Name & address of traveler, LAST NAME FIRST
4. State employee? – mark the appropriate box
5. Signature of traveler – **required**
6. Date & explanation – refer to information printed on voucher for required information
7. Purpose of travel – in most cases, check "other" and indicate in the space provided which meeting you attended

Note: On the departure or return day of an overnight trip, meal expenses incurred while traveler is en route may be reimbursed, depending on departure, arrival and travel time. Departure and arrival times must be noted in order to be reimbursed for meal expenses.

All other items will be filled in by the Virginia State Bar Fiscal Office. **Mail the original form and original receipts to the State Bar office (707 E. Main Street, Suite 1500, Richmond, VA 23219). FAXES AND EMAILS ARE NOT ACCEPTABLE.**

Please direct your questions to the State Bar Fiscal Office, (804) 775-0526.

