



THE FLORIDA BAR

651 EAST JEFFERSON STREET
TALLAHASSEE, FL 32399-2300

JOHN F. HARKNESS, JR.
EXECUTIVE DIRECTOR

850/561-5600
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March 22, 2005

Mr. John Granville Crabtree, Chair
Appellate Practice Section
John G. Crabtree P.A.
328 Crandon Blvd., Ste. 225
Key Biscayne, FL 33149-1398

Mr. Thomas Dale Hall, Chair-elect
Appellate Practice Section
Supreme Court of Florida
500 S. Duval St.
Tallahassee, FL 32399-6556

Re: Proposed Florida Bar Budget Amendments for 2006-2007 Fiscal Year
Effect on Appellate Practice Section

Dear Mr. Crabtree and Mr. Hall:

In August 2003, then-President Miles McGrane created a Special Budget Task Force to review The Florida Bar's interactions with the sections of the Florida Bar. He appointed me as Chair (while being Chair-elect of Budget), with William Kalish and Marsha Rydberg, former Board of Governors members, as the two other members. Marsha Rydberg was chosen as the Chair-elect of the Council of Sections to represent the sections' viewpoint. In reviewing the financial relationships, the Task Force focused on the Bar's relationship with the sections.

Since August 2003, the Task Force has been working with the Council of Sections to attempt to reach a consensus on the way The Florida Bar economically supports the activities of the sections. No agreement has been reached. The Florida Bar's administrative support has grown substantially in the last three years, and in 2003-2004, amounted to \$528,000. After extensive review and working with the Council of Sections Chair, the Budget Committee is going to recommend various changes to The Florida Bar Board of Governors at its April 2005 meeting.

In advance of that meeting, we are sharing with you the proposed recommendations and how it impacts your section.

A. Printing Rebate

The Board of Governors is going to recommend removing the "printing rebate"¹ that each section receives. Your section printing rebate in 2001-2002 fiscal year was \$7,351. This was

¹ The printing rebate is a rebate to the Section for the cost of all in house printing jobs other than the cost of paper and ink, as well as a rebate for certain services incurred which include charges for graphic arts, meetings, advertising and mail processing.

\$6,156 for the 2003-2004 fiscal year. To the extent your section uses the printing services of The Florida Bar for all of its printing jobs, you will pay the rate The Florida Bar charges in house to its programs. If your section believes it can save money by going outside of The Florida Bar for its printing jobs, it will be allowed to do so. However, the Budget Committee is going to recommend that each section make a yearly election to opt in or out of using The Florida Bar's print shop. If a section chooses to opt out and use an outside print shop, it must do so for all of its printing jobs that The Florida Bar would otherwise provide to the section in the print shop.

It is anticipated that each section must opt out by a date certain (either December 31 or January 31 of the fiscal year preceding the year of opt out) and the opt out will be in effect yearly until further notice by the section at the next opt in/out date. If the section does not opt out by the date set, it will continue to have all its printing services provided by The Florida Bar as it currently exists. The Bar believes that its costs for printing services are significantly less than commercial enterprises, but the section will be able to make its own decision and determine how best to meet its needs.

B. Section Dues

The cost of services has gone up over time due to both an increase in services and to the reduction of purchasing power through inflation. Since 1993, The Florida Bar has received one-half your section dues (up to a maximum of \$12.50 per membership) to provide administrative services for your section. No adjustment or increase has been made since 1993. Simply stated, the half dues that The Florida Bar receives from your section (\$12.50) do not come close to covering the costs of the services provided. Merely applying an inflation adjustment for 2006-2007 (the year the Budget Committee is recommending The Florida Bar share of section dues increase) would increase the amount the section pays to \$16.93 and for 2007 to \$17.25.

As such, it is being recommended that The Florida Bar increase the amount it asks each section to contribute to a flat \$17.50. The approximate \$5.00 increase is subject to being returned to the section as set forth in the next paragraph. The sections may either charge their members an additional \$5.00 (or more, with the section keeping the balance of any dues increase), pay the increase out of section reserves or any combination thereof. Once again, each section will be able to determine how to handle this change based on its needs.

The section will be able to recover up to the \$5.00 increase depending upon whether or not the section creates a surplus or a deficit to The Florida Bar from its use of administrative resources. The section will be able to receive back the lesser of its adjusted surplus or its \$5.00 dues increase. The adjusted surplus is the amount of money provided to The Florida Bar from section dues, less the costs of all section administrative services.

By way of illustration, if this methodology was applied to the last full fiscal year (2003-2004), your section would have earned a surplus of \$2,101. During 2003-2004 the actual support provided to your section was \$11,565. This would be reduced by the \$7,510 increase in The Florida Bar's share of your member dues and \$6,156 from eliminating the printing rebate, resulting in the surplus of \$2,101. Because of this surplus your section would have been eligible to receive \$2,101 of the \$5 dues increase.

C. Florida Bar Financial Support

The Budget Committee will also recommend to the Board of Governors that the amount of section support be limited per section. In 2003-2004, The Florida Bar supplied \$528,000 in administrative support to all the sections. Under the recommended proposal, the amount of support will be capped at approximately \$309,000, with each section's cap based on the size of its membership. Any section that exceeds its cap will owe that excess back to the Florida Bar at the end of the fiscal year. The first 1,000 memberships will receive support up to \$10.00 per membership, the next 500 memberships will receive support up to \$5.00 per membership, and thereafter each additional membership will receive support up to \$2.50 per membership. The theoretical maximum support for your section based on 2003-2004 numbers would have been \$12,505. That number may increase/decrease over time in line with the continuing membership of your section. During 2003-2004 this cap would have had no effect on your section.

D. CLE Distributions

The Budget Committee will also be recommending to the Board of Governors that the split on CLE revenues be changed. Presently, it is done on a gross basis with the sections receiving approximately 15% of the gross revenues, and The Florida Bar receiving the rest. From this amount The Florida Bar must pay all of the CLE expenses. During the majority of the last 10 years of this arrangement, the sections collectively made annual profits in excess of hundreds of thousands of dollars per year, while The Florida Bar **lost** money. The Budget Committee is recommending that the allocations be split on a net basis, after all expenses are paid, so that The Florida Bar and the sections share the benefits and burdens in the same way. The sections would be allowed to keep 80% of the net profits/losses and The Florida Bar would keep only 20% of the net profits/losses. There would be a two year phase in period commencing with the 2006-2007 fiscal year. Each section will get a 10% bonus allocation so that the sections will receive 90% of the CLE net revenues in the first year, and in the 2007-2008 fiscal year, they will receive a 5% bonus allocation so that the section will receive 85% of the net profits/losses. Thereafter, sections will receive 80% of the net profits/losses. These changes do not reflect the additional \$10 per registrant non member CLE fees which are retained entirely by the section.

If this had been applied in the 2003-2004 fiscal year, collectively, the sections would have received an additional \$217,000 and your section would have shown an increase in CLE revenue of \$5,286 if you received 90% of the profits.²

² This figure is calculated using the 90% phase-in figure for the first year. The second year would be 85% (amounting to \$4,700), and all years thereafter would be 80% (amounting to \$4,113). This does not include the additional non member CLE fees retained by the sections.

Summary

The changes discussed above, if implemented in 2003-2004 would have resulted in your section receiving a net of \$1,231 more from The Florida Bar. This is arrived at as follows:

- Eliminate printing rebate \$6,156
- Less return of \$5 increase \$2,101
- Less extra CLE profits \$5,286
- Net improvement to section \$1,231

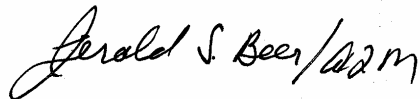
We are providing all of this information to you ahead of time so you can see how the effect of these proposals will impact your section. There have been ongoing discussions with the Council of Sections where most of these ideas have been previously presented. No other proposals have been presented by the sections to the Special Budget Task Force since the discussions commenced in 2003. The Council of Sections has advised the Special Budget Task Force and the Board of Governors that it does not want any changes. That position is not acceptable to the Board of Governors.

The proposal, if passed by the Board of Governors, will not take effect for an additional 14 months, or July 1, 2006 for the 2006-2007 fiscal year. This allows your section plenty of time to plan how to handle its particular programs, and to determine what dues to charge, what CLE courses it wishes to continue, what services it wants to use and otherwise handle its finances as it best suits your particular section's needs.

This also allows sections who consume services in proportion to their membership to no longer subsidize other sections who consume Florida Bar services in excess of their proportionate share of the membership, a situation that currently exists. We believe this to be fair to the sections as a whole, and each section will be allowed to prosper and thrive as its own circumstances dictate.

The Director of Financing, Allen Martin, the incoming Budget Chair, Mayanne Downs, and I are available to answer any questions you may have as it affects your specific section.

Sincerely,



Jerald S. Beer
2004-2005 Budget Chair

cc: Kelly Overstreet Johnson, Esq., President
Alan Bookman, Esq., President-elect
Henry M. Coxe III, Esq., President-elect Designate
Mayanne Downs, Esq., 2005-2006 Budget Chair
Marsha Rydberg, Esq., Council of Sections Chair
Steven E. Chaykin, Esq., Board Liaison
John F. Harkness, Jr, Esq., Executive Director
Allen Martin, Director of Finance & Accounting

Exhibit 1**New Revised Section Support Plan
Effective July 1, 2006**

2003-2004	Actual	(3)	Reduced Support by:			(1)	Final
	SECTION	Actual	Section	Eliminate	Revised		
YEAR END	Net Support	Increase	Cost	Support	Refund	Support	Cost
MEMBERSHIP	PER SECT	\$5.00	Refund (2)	PER SECT	Refund	Cost	Cost
Administrative Law	1,233	(22,118)	6,165	6,307	(9,646)		(9,646)
Appellate Law	1,502	(11,565)	7,510	6,156	2,101	2,101	(0)
Business Law	4,776	(4,359)	23,880	3,609	23,130	23,130	(0)
Criminal Law	2,789	(14,744)	13,945	8,978	8,179	8,179	0
Elder Law	1,874	(31,051)	9,370	15,783	(5,898)		(5,898)
Entertainment & Art	1,078	(18,513)	5,390	8,533	(4,590)		(4,590)
Environmental Law	1,958	(26,402)	9,790	6,749	(9,863)		(9,863)
Equal Opportunity Law	327	(3,705)	1,635	762	(1,308)		(1,308)
Family Law	3,727	(71,926)	18,635	14,889	(38,402)		(38,402)
General Practice	2,237	(21,025)	11,185	6,519	(3,321)		(3,321)
Government Lawyers	1,188	(12,369)	5,940	2,165	(4,264)		(4,264)
Health Law	1,526	(14,090)	7,630	1,229	(5,231)		(5,231)
International Law	1,127	(39,998)	5,635	5,633	(28,730)		(28,730)
Labor & Employment Law	2,438	3,612	12,190	5,501	21,303	12,190	9,113
City County & Local Govn't	1,636	(13,548)	8,180	3,960	(1,408)		(1,408)
Out of State Division	1,330	(8,221)	6,650	2,099	528	528	(0)
Pract Mgmt & Technology	917	(9,085)	4,585	172	(4,328)		(4,328)
Public Interest Law	475	(11,490)	2,375	2,448	(6,667)		(6,667)
Real Property, Probate	9,106	(134,566)	45,530	36,755	(52,281)		(52,281)
Tax Law	2,169	(51,804)	10,845	11,588	(29,371)		(29,371)
Trial Law	7,863	19,700	39,315	10,685	69,700	39,315	30,385
Workers' Comp. Law	1,910	(39,351)	9,550	12,980	(16,821)		(16,821)
Total Section Cost	53,186	(536,617)	265,930	173,500	(97,187)	85,443	(182,630)

(1) Refund to section the lessor of Revised support or total of \$5. increase if Revised support is more than section support cost.

(2) Cost refund is for printing, graphic arts services, mail order, meetings administration and registrars.

(3) TFB spent a total of \$1,121,676 to administer the sections, "half Dues" contributed from sections of \$585,059 resulted in a net support of \$536,617.

Exhibit 2

	Calculation on Cap of General Fund Support to each Section						(2)	
	Actual SECTION YEAR END MEMBERSHIP	(1) Final Support Cost	First 1,000 @ \$10	Next 500 @ \$5	Balance @ \$2.50	Total Possible Support (CAP)	Final Support Exceeds CAP Due to TFB	Net Final Support
Administrative Law	1,233	(9,646)	10,000	1,165	583	11,748	0	(9,646)
Appellate Law	1,502	0	10,000	2,500	5	12,505	0	0
Business Law	4,776	0	10,000	2,500	8,190	20,690	0	0
Criminal Law	2,789	0	10,000	2,500	3,223	15,723	0	0
Elder Law	1,874	(5,898)	10,000	2,500	935	13,435	0	(5,898)
Entertainment & Art	1,078	(4,590)	10,000	390	0	10,390	0	(4,590)
Environmental Law	1,958	(9,863)	10,000	2,500	1,145	13,645	0	(9,863)
Equal Opportunity Law	327	(1,308)	3,270	0	0	3,270	0	(1,308)
Family Law	3,727	(38,402)	10,000	2,500	5,568	18,068	(20,334)	(18,068)
General Practice	2,237	(3,321)	10,000	2,500	1,843	14,343	0	(3,321)
Government Lawyers	1,188	(4,264)	10,000	940	0	10,940	0	(4,264)
Health Law	1,526	(5,231)	10,000	2,500	65	12,565	0	(5,231)
International Law	1,127	(28,730)	10,000	635	0	10,635	(18,095)	(10,635)
Labor & Employment Law	2,438	9,113	10,000	2,500	2,345	14,845	0	9,113
City County & Local Govn't	1,636	(1,408)	10,000	2,500	340	12,840	0	(1,408)
Out of State Division	1,330	0	10,000	1,650	0	11,650	0	0
Pract Mgmt & Technology	917	(4,328)	9,170	0	0	9,170	0	(4,328)
Public Interest Law	475	(6,667)	4,750	0	0	4,750	(1,917)	(4,750)
Real Property, Probate	9,106	(52,281)	10,000	2,500	19,015	31,515	(20,766)	(31,515)
Tax Law	2,169	(29,371)	10,000	2,500	1,673	14,173	(15,198)	(14,173)
Trial Law	7,863	30,385	10,000	2,500	15,908	28,408	0	30,385
Workers' Comp. Law	1,910	(16,821)	10,000	2,500	1,025	13,525	(3,296)	(13,525)
Total Section Cost	51,856	182,630	207,190	39,780	61,860	308,830	(79,606)	(103,025)

(1) From Exhibit 1

(2) If the CAP is greater than Final Support Cost, the section will not owe TFB. If the Final Support Cost exceeds the CAP, then the Section will owe TFB.

Exhibit 3 - Same as Exhibit 1, except for a different year

New Revised Section Support Plan

<u>2001-2002</u>	Actual	(3)	<u>Reduced Support by:</u>				Final
	SECTION	Actual	Section	Eliminate	Revised		Support
	YEAR END	Supprt	Increase	Cost	Support	(1)	Cost
	MEMBERSHIP	PER SECT	\$5.00	Refund (2)	PER SECT	Refund	
Administrative Law	1,149	(7,232)	5,745	1,766	279	279	0
Appellate Law	1,276	(12,514)	6,380	7,351	1,217	1,217	(0)
Business Law	4,659	(8,765)	23,295	3,921	18,451	18,451	(0)
Criminal Law	2,518	(16,874)	12,590	3,433	(851)		(851)
Elder Law	1,649	(20,137)	8,245	11,703	(189)		(189)
Entertainment & Art	990	(18,877)	4,950	5,618	(8,309)		(8,309)
Environmental Law	1,891	(19,602)	9,455	9,332	(815)		(815)
Equal Opportunity Law	218	(7,041)	1,090	516	(5,435)		(5,435)
Family Law	3,449	(40,438)	17,245	3,542	(19,651)		(19,651)
General Practice	2,116	(17,476)	10,580	8,468	1,572	1,572	(0)
Government Lawyers	1,013	(8,273)	5,065	1,074	(2,134)		(2,134)
Health Law	1,316	(10,997)	6,580	1,621	(2,796)		(2,796)
International Law	1,068	(36,778)	5,340	4,905	(26,533)		(26,533)
Labor & Employment Law	2,285	799	11,425	3,407	15,631	11,425	4,206
City County & Local Govn't	1,422	(12,833)	7,110	3,224	(2,499)		(2,499)
Out of State Division	1,378	(17,679)	6,890	2,171	(8,618)		(8,618)
Pract Mgmt & Technology	1,030	(4,664)	5,150	1,987	2,473	2,473	0
Public Interest Law	389	(14,103)	1,945	1,250	(10,908)		(10,908)
Real Property, Probate	7,989	(74,732)	39,945	26,081	(8,706)		(8,706)
Tax Law	2,081	(42,861)	10,405	9,898	(22,558)		(22,558)
Trial Law	7,075	32,753	35,375	3,525	71,653	35,375	36,278
Workers' Comp. Law	1,788	(49,819)	8,940	9,579	(31,300)		(31,300)
Total Section Cost	48,749	(408,141)	243,745	124,372	(40,024)	70,792	(110,816)

(1) Refund to section the lessor of Revised support or total of \$5. increase if Revised support is more than section support cost.

(2) Cost refund is for printing, graphic arts services, mail order, meetings administration and registrars.

(3) TFB spent a total of \$958,364 to administer the sections, "half Dues" contributed from sections of \$550,223 resulted in a net support of \$408,141.

This schedule is presented to show the impact on an earlier year.

Exhibit 4

New Revised CLE Earnings Split Schedule

	Actual SECTION YEAR END MEMBERSHIP	TFB Earnings on Sect Courses and Tapes Reported Net r	(2) Section Actual CLE Split	(4) Total CLE Earnings on Section Courses	Various Split Scenarios (1)					
					Section 90%	TFB 10%	Section 85%	TFB 15%	Section 80%	TFB 20%
Administrative Law	1,233	12,041	4,997	17,038	15,335	1,704	14,483	2,556	13,631	3,408
Appellate Law	1,502	6,460	5,275	11,735	10,561	1,173	9,975	1,760	9,388	2,347
Business Law	4,776	12,301	15,210	27,511	24,760	2,751	23,384	4,127	22,009	5,502
Criminal Law	2,789	26,318	20,114	46,432	41,788	4,643	39,467	6,965	37,145	9,286
Elder Law	1,874	11,102	16,490	27,592	24,833	2,759	23,454	4,139	22,074	5,518
Entertainment & Art	1,078	886	(89)	797	717	80	677	120	638	159
Environmental Law	1,958	5,377	9,488	14,865	13,379	1,487	12,636	2,230	11,892	2,973
Equal Opportunity Law	327	(3,579)	741	(2,838)	(2,554)	(284)	(2,412)	(426)	(2,270)	(568)
Family Law	3,727	10,600	14,092	24,691	22,222	2,469	20,988	3,704	19,753	4,938
General Practice	2,237	61,563	27,668	89,231	80,308	8,923	75,847	13,385	71,385	17,846
Government Lawyers	1,188	(245)	5,802	5,556	5,001	556	4,723	833	4,445	1,111
Health Law	1,526	10,262	10,409	20,671	18,604	2,067	17,570	3,101	16,537	4,134
International Law	1,127	(2,437)	21,798	19,360	17,424	1,936	16,456	2,904	15,488	3,872
Labor & Employment Law	2,438	(6,881)	21,531	14,649	13,184	1,465	12,452	2,197	11,719	2,930
City County & Local Govn't	1,636	28,684	17,584	46,268	41,642	4,627	39,328	6,940	37,015	9,254
Out of State Division	1,330	(13,688)	3,043	(10,645)	(9,581)	(1,065)	(9,049)	(1,597)	(8,516)	(2,129)
Pract Mgmt & Technology	917	(149)	0	(149)	(134)	(15)	(127)	(22)	(119)	(30)
Public Interest Law	475	(4,653)	1,009	(3,644)	(3,279)	(364)	(3,097)	(547)	(2,915)	(729)
Real Property, Probate	9,106	64,286	45,141	109,428	98,485	10,943	93,013	16,414	87,542	21,886
Tax Law	2,169	13,103	34,151	47,253	42,528	4,725	40,165	7,088	37,803	9,451
Trial Law	7,863	22,970	25,980	48,950	44,055	4,895	41,608	7,343	39,160	9,790
Workers' Comp Law	1,910	21,467	6,235	27,702	24,932	2,770	23,547	4,155	22,162	5,540
Total Section Cost	53,186	275,789	306,667	582,456	524,212	58,246	495,088	87,369	465,966	116,491

- (1) Proposal is for the split to be based on net profits(includes all expenses) 90/10 in year 1, 85/15 in year 2 and afterwords the 80/20 Split.
- (2) Sections also received a non-member premium fee of \$15.00 per non-member in 2003-04.
- (3) The existing splits are generally calculated on gross revenues, before expenses.
- (4) Add TFB Earnings on Sect Courses to Section Actual CLE Split.

Exhibit 5

Recap of Effect of Proposed Changes to Section Financial Relationship
As if Applied to Fiscal 2003-04

	Eliminate "Print" Refund	Return Excess Up to \$5 Dues to Section	Section Pays Support Over Cap	Share of CLE Increase (Decrease)	Section Better (Worse) Financially
Administrative Law	6,307			10,338	4,031
Appellate Law	6,156	2,101		5,286	1,231
Business Law	3,609	23,130		9,550	29,071
Criminal Law	8,978	8,179		21,674	20,875
Elder Law	15,783			8,343	(7,440)
Entertainment & Art	8,533			806	(7,727)
Environmental Law	6,749			3,891	(2,858)
Equal Opportunity Law	762			(3,295)	(4,057)
Family Law-Note 1	14,889		20,334	8,130	(27,093)
General Practice	6,519			52,640	46,121
Government Lawyers	2,165			(801)	(1,364)
Health Law	1,229			8,195	6,966
International Law	5,633		18,095	(4,374)	(28,102)
Labor & Employment Law	5,501	12,190		(8,347)	(1,658)
City County & Local Govn't	3,960			24,058	20,098
Out of State Division	2,099	528		(12,624)	(14,195)
Pract Mgmt & Technology	172			(134)	(306)
Public Interest Law	2,448		1,917	(4,288)	(8,653)
Real Property, Probate	36,755		20,766	53,344	(4,177)
Tax Law	11,588		15,198	8,377	(18,409)
Trial Law	10,685	39,315		18,075	46,705
Workers' Comp. Law	12,980		3,296	18,697	2,421
Total Effect on Sections	173,500	85,443	79,606	217,540	51,478

Note 1-Assuming that the certification review course would have been done in CLE instead of in the Family Law Section the line would be altered as follows

Family Law	14,889	14,610	62,322	32,823
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EXECUTIVE DIRECTOR

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March 31, 2005

Ms. Marsha G. Rydberg
400 N. Tampa Street, Ste. 1050
Tampa, Florida 33602-4707

Dear Ms. Rydberg:

We recently received a copy of a memorandum you circulated to the sections regarding the proposed change in the way The Florida Bar and the sections handle their financial relationships. It would have been helpful had you shared that with me and Bar staff prior to distribution to confirm the accuracy of the information you presented, much of which comes from the Bar. Unfortunately, it appears to contain numerous errors, both arithmetical as well as analytical, as to the representation of what the numbers in the various columns represent. In the spirit of sharing information from the Bar to the sections, as you have previously requested and received, we are likewise sharing this information with you and the sections to continue to include all in the dialogue.

For ease in referencing the columns in your memo, I have simply designated the columns from left to right (excluding the section names) beginning with A and ending with G.

Column A - No error noted

Column B - Appellate should be (7,510)

Column C - The negative amounts should be removed as they are included in Column A. For example, the International Law Section cost of administration of \$28,102 already includes the \$18,095 payment over the cap (and is not the return of the \$5 dues as you have labeled). Thus, there should be a zero in Column C for the following sections: International, PILS, RPPTL, Tax, and Workers Compensation.

Column D - Needs to be more clearly captioned because as presently captioned, at best it is misleading. This is the INCREASE each section would receive with a 90% split, not 90% of the profit.

Column E - This column includes only the Florida Bar's share of CLE. This leaves out the biggest component of CLE revenues, which is the share the sections collected. To be accurate, it should include the profits taken by the sections under the existing agreement. These are all funds that go to the sections and include the nonmember surcharge. In 2003-04 this surcharge was

\$75,263. Prior years have not been reviewed to calculate the surcharge separately. Listed below are the total amounts sections received. These amounts were left out of your calculations:

1999-00	\$339,792
2000-01	\$327,329
2001-02	\$359,358
2002-03	\$320,048
2003-04	\$381,930

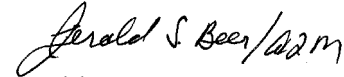
The section by section details of the above totals can be found on page 2 of Allen Martin's November 16, 2004, memorandum to you, me and Bill Kalish, which included your page 1, the Council of Sections budget analysis.

Column F - When column E is changed all of these amounts change.

Column G - This column appears to be a sum of Column A + Column B + Column C. In about half of the examples, the math does not appear to work even before taking into account the above changes.

Please let me know if you have any questions with respect to the above.

Sincerely,



Jerald S. Beer
Budget Committee Chair 2004

JSB/cac

cc: Kelly Overstreet Johnson, President
Alan Bookman, President-elect
Henry M. Coxe III, President-elect Designate
Section Chairs and Chair-elects
Council of Section Delegates
John F. Harkness, Jr., Executive Director
Michael A. Tartaglia, Programs Division Director
Allen Martin, Director of Finance and Accounting
Program Administrators

From: ysherron@flabar.org [mailto:ysherron@flabar.org]
Sent: Friday, April 01, 2005 8:27 AM
To: mrydberg@rydberglaw.com; jpwasserman@shapiroblasewasserman.com;
jenninc@doacs.state.fl.us; jschimmel@miamitaxlaw.com; rmilstein@akerman.com;
satwood@whk.com; rberg@bergelderlaw.com; jfblaw@bellsouth.net;
buell@sbelaw.com; appellatelawyer@aol.com; cavey@tampabay.rr.com;
pamela.cichon@stpete.org; chc@miamidade.gov; jcrabtree@crabtreelaw.com;
crawonlaw@msn.com; robert.downie@dot.state.fl.us;
seisenberg@feldmangale.com; mfaehner@cox.net; marvinmiajax@comcast.net;
damon@glisson1.net; rg2626@cs.com; rgonz@tampabay.rr.com;
agrossman@gray-robinson.com; whonaman@legallaid.org;
mhorowitz@fowlerwhite.com; dkitchen@constangy.com; mich_ku@yahoo.com;
gjleppla@leplaw.com; calikens@barneslikens.com; llile@lairdalile.com;
rmalca@malcaandjacobs.com; robertm@hgslaw.com; tmasterson@mastersonlaw.com;
jasmorse@flash.net; jmoses@fisherlawfirm.com; jrooney@shutts-law.com;
csalisbu@law.miami.edu; cnsass@tampabay.rr.com; csellers@broadandcassel.com;
lexlusa@aol.com; ssolkoff@solhoffzellen.com; thieleh@mail.co.leon.fl.us;
mwolfson@foley.com; pzacks@sa15.state.fl.us; jayz@penningtonlaw.com;
r-mdaytona@msn.com; fingar@frankandgramling.com
Cc: Section_Chairs_2004-2005@flabar.org
Subject: Call TODAY (from Marsha Rydberg)

Council Delegates and Section Chairs,

Attached is a chart I revised after receiving Jerry Beer's March 31, 2005 letter. My lack of computer skills really showed in the last column of my original chart where I managed to transpose a lot of numbers! I believe this is accurate. [The last column is not, however, Column A, plus B, plus C in all instances. I intentionally included on the chart, but not in the calculations, the negative numbers for those Sections who were being charged an extra administrative amount by the Bar. This represents an area where some Sections may seek to become more profitable.]

The 2 CLE columns Jerry said were not accurate constituted my best effort to reconstruct figures from data I had been supplied. I could not provide more "accurate" numbers because the Bar has not given me calculations of the actual CLE numbers on a Section by Section basis for any year other than 2004. The numbers I pulled were from a chart Alan Martin provided entitled, "The Florida Bar CLE Department Profits by Co-Sponsor." Even though the numbers represent only the Bar's profit and do not include the amount each Section received in any given year, the numbers (which were all I had) provide a range of CLE profitability for each Section. Since the benefit/burden of the new formula is heavily dependent on CLE profits for each Section, I thought it might be helpful to have some idea of the 5-year historical average and range of CLE profit per Section. Put another way, if their 2004 represents a substantial aberration in CLE revenue, the Section might want to consider the potential impact of the new formula in the event their CLE profits return to a more historical level.

I look forward to an opportunity to continue the dialogue.

Marsha

REVISED MARCH 2005 BUDGET COMMITTEE PROPOSAL

Section	Bar Rpt. of Profit (Cost)	Extra Dues-\$5/ Member	Payment /Return of \$5 Dues	Additional funds from new CLE split	5 Year CLE Range	5 Year Average CLE Profit	True Section Cost/ Profit
Administrative	4031	(6165)	0	10338*	(5001)-12041	5335	(2134)
Appellate	1231	(7510)	2101	5286	(10517)-6574	772.40	(2077)
Business	29071	(23880)	23130	9550	(28861)-49450	11928.60	28321
Criminal	20875	(13945)	8179	21674*	(8698)-26318	8173.40	15109
Elder	(7440)	(9370)	0	8343*	(10364)-11102	2120	(16810)
Entertainment	(7727)	(5390)	0	806	(17903)-2977	(4020.40)	(13117)
Environmental	(2858)	(9790)	0	3891*	(30507)-5377	(5226.20)	(12648)
= Opportunity	(4057)	(1635)	0	(3295)	(8952)-(14)	(5158.80)	(5692)
Family-differs	32823	(18,635)	14610	62322*	(27798)- 10600	(9878.60)	28798
General Practice	46121	(11,185)	0	52640*	61563-(1336)	19117	34936
Government	(2966)	(5940)	0	(801)	(3564)-(100)	(1925.80)	(8906)
Health	6966	(7630)	0	8195*	(33272)-10262	(9235.40)	(664)
International	(28102)	(5635)	(18095)	(4374)	(51178)-24683	(3335.20)	(33737)
Labor	(1658)	(12190)	12190	(8347)	(8875)-6073	(3070)	(1658)
City, County, Local	20098	(8180)	0	24058*	10086-28684	16066.20	11198
Out of State	(14195)	(6650)	528	(12624)	(949)- (13688)	(8155.60)	(20317)
Practice Management	(306)	(4685)	0	(134)	(2913)-178	(578.20)	(4991)
PILS	(8653)	(2375)	(1917)	(4288)	(24187)-(3978)	(12538.80)	(11028)
RPPTL	(4177)	(45530)	(20766)	53344*	(19609)-233	9491.60	(49707)
Tax	(18409)	(10845)	(15198)	8377	(80891)-55154	(11556.20)	(29254)
Trial	46705	(39315)	39315	18075*	(37764)-22970	(9143.20)	46705
Workers Compensation	2421	(9550)	(3296)	18697*	(30438)-21467	(4264)	(3833)

* Best CLE year in past 5 years

THE RYDBERG LAW FIRM, P.A.

400 N. Tampa Street, Suite 1050
Tampa, Florida 33602

Marsha G. Rydberg
email: mrydberg@rydberglaw.com
Thomas H. Rydberg
email: trydberg@rydberglaw.com

(813) 221-2800
Fax 221-2420

April 5, 2005

Kelly Overstreet Johnson
President, The Florida Bar
651 East Jefferson Street
Tallahassee, FL 32399-2300

Re: Bar/Section Revenue Split

Dear Kelly:

Thank you for participating in the Friday April 1 Council of Sections telephone conference and sharing your views on the most recent Bar/Section Revenue Split proposal. After hearing remarks from you, Jerry Beer, and me, as well as numerous comments and questions from Section representatives, **a Motion was made by Laird Lile (RPPTL); seconded by Ralph Gonzalez (Practice Management), asking the Board of Governors to defer action on the proposed Bar/Section Revenue Split until after the May 12 Council of Sections Retreat. The Motion passed unanimously.**

The Council asked me also to convey their rationale. First, the Council noted the change is not necessary this year. 2004 was an extremely good year for the Bar as a whole, and the Sections' net cost to the Bar was about \$250,000, which everyone agrees is within the tolerance range. Accordingly, no emergency exists. Second, although many elements of the proposal have been discussed, the proposal differs substantially from any "formula" previously considered by the Sections. The new proposal was sent to each Section Chair and Chair-elect March 22, less than 20 days before the BOG's April 8 meeting. For the Executive Council of each Section to review and discuss the proposal and reach consensus within that time simply has not been feasible. Beyond that, the Council itself has had no time for corporate deliberation. Since no rush to judgment is required, the Sections respectfully request the BOG to grant them sufficient time to review and discuss the proposal both internally and with their fellow Sections.

Finally, a multi-year assessment of the formula would be helpful both to the BOG and to the Council. The proposal was explained to the Sections with reference to 2004 data only, but 2004 was such a good year no formula would be required if those results could be assured annually. Analysis of the formula with reference to several years would be beneficial to all. Thank you.

Sincerely,

Marsha G. Rydberg

Cc: Board of Governors
Council of Sections