

Law Society of Upper Canada 2015 Approved Budget Summary



The Law Society of
Upper Canada | Barreau
du Haut-Canada

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Convocation

**Law Society of Upper Canada
2015 Approved Budget Summary
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This material has two parts – a medium term financial plan comprising budget scenarios for 2015, 2016 and 2017 (pages 3 – 9) and the 2015 Budget Overview (pages 11 – 28).

2015-2017 BUDGET PLANNING SCENARIOS

BUDGET GOALS MET

- Maintain fees for lawyers and paralegals at the 2014 amount for the years 2015-2017
- Comply with the fund balance policies when using fund balances to mitigate annual fees

FINANCIAL OUTCOMES

- i. The financial plan incorporates the use of fund balances to mitigate annual fees for lawyers and paralegals while complying with the fund balance policies. The balance of the lawyer General Fund at the end of 2015 is projected to be \$16.9 million. The balance of the paralegal General Fund at the end of 2015 is projected to be \$1.5 million. The approved fund balance policy requires that a minimum of two months and a maximum of three months operating expenses be maintained in the lawyer General Fund balance.
- ii. The LibraryCo per lawyer levy is maintained at \$202 for a total transfer of \$7.7 million in 2015, \$7.8 million in 2016 and \$8.0 million in 2017. The Law Society remains committed to a viable library system and is exploring potential efficiencies and options to achieve this goal.
- iii. Compensation fund balances remain in a strong position to absorb an extraordinary defalcation and current high profile potential claims are being monitored.
- iv. The capital levy is increased to \$69 from \$50 in 2014 to provide funding for facilities related capital expenditures.

BUDGET SCENARIO SENSITIVITIES

These scenarios, like all budget exercises, include a number of assumptions and variables. Each of these variables and assumptions has the possibility to vary the projected outcome to a lesser or greater degree depending on their individual nature. The major sensitivities in these scenarios are discussed below.

Membership growth

Perhaps the factor with the greatest sensitivity in the scenarios is the projected annual growth in the number of lawyers and paralegals. The current assumption for 2015 is an increase of 900 full fee paying equivalent lawyers and 350 full fee paying equivalent paralegals. For 2016 and 2017 the projection is 700 lawyers and 350 paralegals. For every 100 member variance, the annual fee for lawyers would go up or down by \$5 and for paralegals by \$21.

Salaries and benefit expenses

The single largest category of expenditure in the Society's budget is spending on salaries and benefits. As set out on page 6, salaries and benefits constitute approximately 53% of annual expenditures. The scenarios assume salary and benefit expenditures increase at a rate of 2% annually over the three year period. This assumption incorporates both changes in staffing, increases to benefit costs and merit increases for existing staff. Every 1% change in the cost of salaries and benefits adds or subtracts approximately \$570,000, or \$13 per member to the Society's budget. The increase of 2% is less than the published survey sources which are projected to be between 2.7% and 3.0%.

Other expenses

All other expenses assumed to increase at 1% per year.

Investment returns

The Society's operations are currently supported by the combined investment income of the General Fund and the Compensation Fund. In total, the 2015 budget includes investment income of \$1.9 million. Over the past five years interest rates have been at historic lows and are expected to increase in the coming years. If, as expected, interest rates rise in outlying years, this could have a positive impact on the annual fee requirements for both lawyers and paralegals.

CPD revenue

The 2015 budget reflects a decline in CPD revenues of \$800,000 to reflect trends in 2014 and the revenue is projected to be relatively static for the two years thereafter.

Regulatory Issues

Professional regulation has maintained its provision for outside counsel and expert witness fees at 2014 levels. If a major regulatory issue emerged, like mortgage fraud did in the mid 2000's, the need to engage external counsel and expert witnesses could once again spike and drive costs higher. There are currently some potentially material cost award claims against the Law Society which are too uncertain to include in the financial projections.

BUDGETARY AND FISCAL RISKS

Inflation

The North American economy has experienced a sustained period of low inflation. Since 2009, central banks have been adding liquidity to the world's financial system in an effort to stimulate economic growth. Historically, money supply expansion has been followed by periods of rising inflation. If inflation begins to rise significantly over the period of these scenarios, the pressure to adjust salaries to offset the decline in purchasing power will increase as will the cost of all materials and supplies purchased for operations.

Compensation Fund Claims

The Society has experienced a ten year period of relatively low compensation fund claims. Although the fund is strong, several simultaneous large scale defalcations could strain the fund balance and eventually force the annual levy of \$225 for lawyers higher to meet claim demands and maintain the policy approved fund balance.

New Convocation Initiatives

Convocation could initiate new programming that would require significant new resources to achieve the program objectives. Major new programs generally require additional staff. Some programs such as CPD, also generate revenue that offset the increased costs, however, most programs like the Parental Leave Assistance Plan, do not and directly impact the members' annual fee.

**Law Society of Upper Canada
2015-2017 Budget Scenario
Lawyers and Paralegals**

	Approved 2014 Budget	Approved 2015 Budget	Projected 2016 Budget	Projected 2017 Budget
1 Annual fee revenue	73,731,300	75,766,315	77,442,900	79,099,200
2 Licensing process	11,398,300	11,618,300	11,534,500	11,563,000
3 CPD and other revenue	18,137,000	18,164,000	17,983,800	18,081,700
4 Total Funding	103,266,600	105,548,615	106,961,200	108,743,900
5 Salaries and benefits	56,830,100	57,454,465	58,673,600	59,846,400
6 Operating and Program	37,220,000	38,252,150	37,466,700	37,798,600
7 General fund	94,050,100	95,706,615	96,140,300	97,645,000
8 Capital fund	2,077,500	2,953,200	1,824,900	3,816,500
9 LibraryCo	7,498,000	7,696,000	7,837,600	7,979,000
10 Compensation Fund Claims	2,647,400	2,658,400	2,658,400	2,658,400
11 Total Expenditures	106,273,000	109,014,215	108,461,200	112,098,900
12 Deficit	(3,006,400)	(3,465,600)	(1,500,000)	(3,355,000)
13 E&O surplus investment income	1,500,000	1,500,000	1,500,000	1,500,000
14 General and Comp Fund Fund Balances	1,506,400	1,965,600	-	1,855,000
15 Total Use of Fund Balances	3,006,400	3,465,600	1,500,000	3,355,000

**Law Society of Upper Canada
2015-2017 Budget Scenario
Lawyers**

	Approved 2014 Budget	Approved 2015 Budget	Projected 2016 Budget	Projected 2017 Budget
1 Annual fee revenue	69,400,100	71,084,640	72,413,100	73,720,800
2 Licensing process	10,091,200	9,766,700	9,864,400	9,963,000
3 CPD	8,567,300	7,743,700	7,500,000	7,500,000
4 Other revenue	8,342,100	8,958,360	9,047,900	9,138,400
5 Total Funding	96,400,700	97,553,400	98,825,400	100,322,200
6 Salaries and benefits	52,416,800	52,429,300	53,478,300	54,547,200
7 Operating	3,544,000	3,555,700	3,591,500	3,627,500
8 Program	31,198,700	31,554,600	31,252,000	31,521,600
9 General fund	87,159,500	87,539,600	88,321,800	89,696,300
10 Capital fund	1,860,000	2,628,900	1,629,600	3,357,500
11 LibraryCo	7,498,000	7,696,000	7,837,600	7,979,000
12 Compensation Fund Claims	2,536,400	2,536,400	2,536,400	2,536,400
13 Total Expenditures	99,053,900	100,400,900	100,325,400	103,569,200
14 Deficit	(2,653,200)	(2,847,500)	(1,500,000)	(3,247,000)
15 E&O surplus investment income	1,500,000	1,500,000	1,500,000	1,500,000
16 General and Comp Fund Fund Balances	1,153,200	1,347,500	-	1,747,000
17 Total Use of Fund Balances	2,653,200	2,847,500	1,500,000	3,247,000
18 General fund	1,376	1,370	1,401	1,362
19 Capital fund	50	69	42	85
20 LibraryCo	202	202	202	202
21 Compensation Fund	238	225	221	217
22 Annual Fee	1,866	1,866	1,866	1,866
23 Full Fee Paying Equivalent Lawyers	37,200	38,100	38,800	39,500

**Law Society of Upper Canada
2015-2017 Budget Scenario
Paralegals**

	Approved 2014 Budget	Approved 2015 Budget	Projected 2016 Budget	Projected 2017 Budget
1 Annual fee revenue	4,331,200	4,681,675	5,029,800	5,378,400
2 Licensing process	1,307,100	1,851,600	1,670,100	1,600,000
3 CPD	709,700	733,300	700,000	700,000
4 Other revenue	517,900	728,640	735,900	743,300
5 Total Funding	6,865,900	7,995,215	8,135,800	8,421,700
6 Salaries and benefits	4,413,300	5,025,165	5,195,300	5,299,200
7 Operating	303,200	343,450	346,800	350,300
8 Program	2,174,100	2,798,400	2,276,400	2,299,200
9 General fund	6,890,600	8,167,015	7,818,500	7,948,700
10 Capital fund	217,500	324,300	195,300	459,000
11 Compensation Fund Claims	111,000	122,000	122,000	122,000
12 Total Expenditures	7,219,100	8,613,315	8,135,800	8,529,700
13 Deficit	(353,200)	(618,100)	-	(108,000)
14 Total Use of Fund Balances	353,200	618,100	-	108,000
15 General fund	796	804	840	804
16 Capital fund	50	69	42	85
17 Compensation Fund	150	123	114	107
18 Annual fee	996	996	996	996
19 Full Fee Paying Equivalent Paralegals	4,350	4,700	5,050	5,400

THE LAW SOCIETY OF UPPER CANADA
Fund Balance Projections
For years 2015-2017
(\$000's)

		General Fund		Compensation Fund		Total		E&O Investment Income
		Lawyer	Paralegal	Lawyer	Paralegal	Lawyer	Paralegal	
1	Projected December 31, 2014	17,500	2,000	24,000	525	41,500	2,525	3,700
	Policy Range - minimum	14,500						
	- maximum	21,800						
2	Investment Income 2015							1,200
3	Proposed 2015 fee mitigation	(641)	(541)	(707)	(77)	(1,348)	(618)	(1,500)
4	Projected December 31, 2015	16,859	1,459	23,293	448	40,152	1,907	3,400
	Policy Range - minimum	14,800						
	- maximum	22,200						
5	Investment Income 2016							1,200
6	Proposed 2016 fee mitigation	-	-	-	-	-	-	(1,500)
7	Projected December 31, 2016	16,859	1,459	23,293	448	40,152	1,907	3,100
	Policy Range - minimum	15,000						
	- maximum	22,500						
8	Investment Income 2017							1,200
9	Proposed 2017 fee mitigation	(1,040)	(108)	(707)	-	(1,747)	(108)	(1,500)
10	Projected December 31, 2017	15,819	1,351	22,586	448	38,405	1,799	2,800

THE LAW SOCIETY OF UPPER CANADA

Budget History

2006-2015

	2015 Approved Budget	2014 Budgeted Expenditures	2013 Budgeted Expenditures	2012 Budgeted Expenditures	2011 Budgeted Expenditures	2010 Budgeted Expenditures	2009* Budgeted Expenditures	2008 Budgeted Expenditures	2007 Budgeted Expenditures	2006 Budgeted Expenditures
1 Total Expenditures (000's)	\$ 109,014	\$ 106,273	\$ 103,444	\$ 99,482	\$ 92,514	\$ 86,615	\$ 81,918	\$ 77,122	\$ 71,593	\$ 66,486
2 Full Time Equivalent Employees	545.9	552.2	558.6	552.2	523.7	493.1	466.0	434.3	419.0	392.0
3 Annual Change	(6.3)	(6.4)	6.4	28.5	30.6	27.1	31.7	15.3	27.0	
4 Accumulated Change	153.9	160.2	166.6	160.2	131.7	101.1	74.0	42.3	27.0	
5 FFE Lawyers	38,100	37,200	36,600	36,000	35,000	34,000	33,600	32,800	32,000	31,000
6 FFE Paralegals	4,700	4,350	4,050	3,400	3,200	2,800	2,400	-	-	-
7 Total FFE Licencees	42,800	41,550	40,650	39,400	38,200	36,800	36,000	32,800	32,000	31,000
8 General Lawyer Fee	\$ 1,370	\$ 1,376	\$ 1,340	\$ 1,326	\$ 1,292	\$ 1,211	\$ 1,212	\$ 1,143	\$ 1,102	\$ 1,015
9 LibraryCo Fee	202	202	205	203	196	203	220	235	224	219
10 Compensation Fund	225	238	221	222	222	257	226	200	200	200
11 Capital Allocation Fund	69	50	85	75	75	65	45	75	75	75
12 Total Other Fees	\$ 496	\$ 490	\$ 511	\$ 500	\$ 493	\$ 525	\$ 491	\$ 510	\$ 499	\$ 494
13 Total Lawyer Fee	\$ 1,866	\$ 1,866	\$ 1,851	\$ 1,826	\$ 1,785	\$ 1,736	\$ 1,703	\$ 1,653	\$ 1,601	\$ 1,509
14 General Paralegal Fee	\$ 804	\$ 796	\$ 758	\$ 693	\$ 711	\$ 685	\$ 710			
15 Compensation Fund	123	150	153	214	171	183	145			
16 Capital Allocation Fund	69	50	85	75	75	65	45			
17 Total Other Fees	\$ 192	\$ 200	\$ 238	\$ 289	\$ 246	\$ 248	\$ 190			
18 Total Paralegal Fee	\$ 996	\$ 996	\$ 996	\$ 982	\$ 957	\$ 933	\$ 900			

2015 Budget Summary

The Law Society of Upper Canada 2015 Budget Assumptions

- Increase in Full Fee Paying Equivalent members, 900 for lawyers to 38,100 and 350 for paralegals to 4,700
- 2% provision for salary and benefits
- Allocation of \$1.5 million from the accumulated surplus investment income in the E&O Fund to mitigate fee increase for lawyers (2014: \$1.5 million)
- \$641,000 allocated from the General Fund accumulated surplus to mitigate fee increase for lawyers (2014: \$446,000)
- \$541,000 allocated from the General Fund accumulated surplus to mitigate fee increase for paralegals (2014: \$313,000)
- Allocation of \$707,000 (2014: \$707,000) from accumulated surplus in the lawyer Compensation Fund and \$77,000 (2014: \$40,000) from the paralegal Compensation Fund to mitigate fee increases
- Capital levy increased from \$50 to \$69
- LibraryCo funding increased from \$7.5 million to \$7.7 million
- Contingency set at \$1 million (2014: \$1 million)
- The lawyer Licensing Process fee for the 2015-2016 licensing term remains at \$4,710 per candidate for all fees associated with licensing. The paralegal licensing fee is also unchanged at \$1,400. In addition to the \$1 million lawyer subsidy, financial assistance is available to lawyer candidates in the form of repayable allowances. \$100,000 has been provided in 2015 (2014: \$100,000). The projected repayable allowance fund balance at the beginning of 2015 is \$400,000
- A \$400,000 grant from the Law Foundation of Ontario for Access to Justice replaces the 2014 grants for the licensing processes which were \$365,000 for lawyers and \$36,000 for paralegals
- Projected Lawyer General Fund balance and Compensation Fund balance to comply with Convocation's fund balance management policy

2015 Budget Overview

The 2015 budget is based on the 2015 – 2017 budget scenario and maintains the fee at the 2014 level for lawyers and paralegals, broken down as follows:

	2014		2015	
	Lawyers	Paralegals	Lawyers	Paralegals
General Fee	\$ 1,376	\$ 796	\$ 1,370	\$ 804
Compensation Fund	238	150	225	123
Capital	50	50	69	69
LibraryCo Inc.	202	0	202	0
Total	\$ 1,866	\$ 996	\$ 1,866	\$ 996

2015 Budget Highlights

While demonstrating fiscal restraint, the budget focuses on the organization’s core responsibilities of professional regulation, professional development and competence and policy development and facilitating access to justice, while addressing the established priorities for the 2011-2015 bench term.

Growth in the number of lawyers will increase budgeted full fee paying equivalent lawyers by 900 to 38,100. Growth in the number of paralegals will increase the budgeted full fee paying equivalent paralegals by 350 to 4,700. While the “full fee equivalent” is used as a measure for budget purposes, the Law Society will regulate over 50,000 fee paying lawyers and paralegals in 2015.

The primary factors that have played a role in drafting the 2015 budget are:

- focussing on the priorities for the 2011-2015 bench term
- considering the three-year pilot project that will allow lawyer licensing candidates to either article or complete a Law Practice Program, which started in the 2014-15 licensing year
- incorporating sustainable CPD revenues based on a longer history of the mandatory program
- using fund balances to mitigate annual fee increases and complying with the Convocation approved fund balance management policies

- maintaining the LibraryCo levy at the 2014 level of \$202. As the number of lawyers is increasing, LibraryCo funding is increasing by \$198,000
- incorporating a grant of \$400,000 from the Law Foundation of Ontario for access to justice initiatives which replaces Licensing Process grants for a similar amount
- decreasing the number of full-time equivalent employees by seven
- considering potential increases in outside counsel expenses and cost awards
- providing for a 2% increase in salary and benefit costs.

Revenue Summary

As set out on page 19 (row 10), annual fee revenue totals \$75.8 million in 2015 (2014: \$73.7 million).

The budget utilizes a combined total of \$2.0 million (2014: \$1.5 million) from accumulated fund balances to mitigate fee increases comprising \$1.4 million from the lawyer fund balances and \$618,000 from the paralegal fund balances. If these funds were not utilized, lawyers' annual fees would increase by \$35 and paralegals' by \$132. In addition, \$1.5 million (unchanged from 2014) in surplus investment income is being transferred from the Errors & Omissions Insurance Fund to mitigate the annual fee for lawyers. Utilizing accumulated fund balances is a normal practice to fund operations in the short term but is not a sustainable practice in the long term.

It is anticipated that the 21 percent decrease in registrations for full-fee Continuing Professional Development programs experienced in the first half of 2014 compared to the same period in 2013 will continue to the end of the year. It also anticipated that revenue from professionalism programs, for which a nominal fee was introduced in 2014, will continue to be lower than anticipated. As electronic materials are included with the price of the program and members increasingly prefer this format over hard copy materials, expected revenue from publications has been reduced. As a result, the 2015 revenue projection for CPD is \$800,000 lower than in 2014.

The lawyer Licensing Process has undergone major change. The lawyer candidate fee for the 2015-2016 licensing term is proposed to remain at \$4,710 per candidate for all fees associated with licensing, including the costs of the Law Practice Program and the enhanced Articling Program, which have been equalized across all candidates in the process. As the Law Foundation of Ontario grant funding will no longer be available, it is expected that revenues for the Lawyer Licensing Process will decrease by approximately 3.5%. The fee for the paralegal licensing process candidates remains the same at \$1,400 with candidate numbers continuing to increase.

Budgeted investment income has been increased by \$300,000 in total for the General and Compensation funds.

Under an Administrative Services Agreement between LibraryCo Inc. and the Law Society, the Law Society performs the administrative functions for LibraryCo. The fee for these services has been renegotiated to \$430,000 in 2015 (2014 budget: \$520,000), funding the operating expenses of the Law Society necessary to provide these services.

Although the total annual fee for lawyers and paralegals is unchanged for 2015, the Compensation Fund component is budgeted to decrease from a levy of \$238 to \$225 for lawyers and from \$150 to \$123 for paralegals. The Compensation Fund levies have been reviewed by the Compensation Fund Committee and were set after an actuarial assessment of claims and fund balances based on expected requirements to meet future potential claims in excess of routine annual requirements. No change in the provisions for claims is budgeted. Both Funds, lawyer and paralegal, are financially and actuarially sound.

For both lawyers and paralegals, the Capital Allocation levy increases from \$50 to \$69 as part of the financing plan for the acquisition and maintenance of capital assets proposed as part of the 2015 budget. In particular, the Audit & Finance Committee has reviewed the allocation of \$1.3 million in leasehold improvements related to the Ontario Justice Education Network leaving Law Society premises, and the consequent relocation of the Tribunal Office, Equity department and parts of the Information Systems department which will improve processes and efficiencies.

The budget maintains the LibraryCo levy at \$202 per lawyer (2014: \$202 per lawyer), which increases Law Society funding of LibraryCo by \$198,000 to \$7.7 million because of the increase in the number of lawyers. LibraryCo's total revenues are reduced as the Law Foundation of Ontario is no longer providing funding for expenses related to electronic products.

Expense Summary

As set out on page 19, total direct expenses are increasing from \$106.3 million in 2014 to \$109.0 million in 2015.

The 2015 budget contains a provision of 2.0% for salaries and benefits for merit increases and any changes to staff levels.

The 2015 budget contains a net decrease of 7 full-time-equivalent employees.

The budget request for Professional Regulation, Tribunal and Compliance is at \$28.7 million (page 20). Most areas of the division are projecting increased file volumes of around 2%, in line with long term trends. At 205 full time equivalents, the number of employees

is relatively static with staffing for the new Disclosure and Risk Management Unit being accomplished by internal transfers. The external counsel expense budget remains the same as in 2014 at \$1.6 million.

The budget for Professional Development and Competence is at \$26.7 million (page 21).

- The total expenditures for the lawyer licensing process, which is a cost recovery process that covers its expenses through the payment of fees by licensing candidates, is mitigated by a \$1 million contribution by the profession approved by Convocation for 2014 and continuing. In the paralegal licensing process there is a one-time expense of \$500,000 to develop the new and extended paralegal licensing examination.
- Projected CPD program-related expenses in 2015 have been decreased by \$48,000 to reflect the decrease in costs associated with producing, marketing, and distributing publications and participation in fewer joint programs. The CPD unit will be maintaining the same level of staffing.
- In Legal Information and Library Services, the Great Library's print collection continues to face constraints as small budget increases are outstripped by certain print format costs increasing by over 10%. The staff count is decreasing by 2.
- Pursuant to the business case approved by Convocation in 2013, expenses for the Spot Audit Department will see a further reduction of \$200,000 in 2015 for a total budget reduction of \$500,000 from 2013 to 2015 including 4 fewer FTEs.

The budget request for Convocation, Policy and Outreach is at \$10.7 million (page 24). The major change is the new office of Executive Director, Policy, Equity and Public Affairs which was implemented in 2014. Also included is a provision for an increase of \$5 in the per lawyer levy for the Federation of Law Societies and an increase of 3% in the CANLII levy. Remuneration for benchers in 2014 is well below trends of the past two years with the expanded use of adjudicators and the Tribunal Chair. Bencher remuneration has been reduced by \$250,000 from \$1.1 million to \$850,000. The provision for bencher remuneration is inclusive of an adjustment for anticipated change in CPI of 3%. A provision of \$250,000 has been included to support the planned post-election bencher strategic planning retreat in 2015.

The budget for Services to Members and the Public is at \$16.2 million (page 25). The Parental Leave Assistance Plan fund is expected to end 2014 with a balance in excess of \$350,000. In 2014, the levy raised \$400,000 to top up the fund balance to support the payment of benefits to lawyers on parental leave. Likely attributable to the implementation of the means test in January 2014, payments for 2014 are significantly below previous years, \$101,000 compared to \$243,000 at this time last year. The budget for 2015 will only require a \$300,000 top up to restore the amount available for benefit payments to a total \$650,000 in 2015.

The financial projection includes a rent subsidy of \$75,000 to the Ontario Justice Education Network which declines over 5 years. OJEN previously obtained free accommodation on Law Society premises but as part of their corporate development will be moving to separate premises in 2015.

The budget for Corporate Services & Administration is at \$23.8 million (page 26). Expenses in the office of the general counsel are budgeted to increase by \$250,000 for outside counsel primarily to provide for the anticipated cost of litigation involving TWU.

The Society's contingency allowance to provide funding for unanticipated events or activities that occur throughout the year is maintained at \$1.0 million. For the past two years the Society has maintained a contingency budget of \$1,000,000 primarily to provide for the anticipated costs related to organizational restructuring. The contingency has been maintained at \$1,000,000 in 2015 in anticipation of additional initiatives emerging after the bench election and declines to \$250,000 in subsequent years.

General Fund Balance

In May 2013, Convocation approved policies to manage the size and use of the Law Society's Lawyer General and Compensation Fund balances maintaining the sum of the Lawyer General Fund balance at no less than two, and no more than three months of General Fund budgeted expenses. The projected balance of the lawyer General Fund at the end of 2015 is \$16.9 million, a little below the midpoint of the approved range.

The balance in the Paralegal General Fund balance is projected at \$1,459,000 at the end of 2015. This is viewed as appropriate although no formal fund balance management policies have been adopted due to the size of the balance and limited operational history.

Compensation Fund

The budget for 2014 sets the allowance for claims at \$2.5 million (2014 budget: \$2.5 million) for lawyers and \$122,000 (2014 budget: \$111,000) for paralegals. The Fund's actuary indicates this level of claims experience is consistent with routine, recurring claims levels for lawyers over the past ten years and a reasonable estimate for paralegals given the six years of historical data.

LibraryCo Inc.

LibraryCo will continue to be funded at \$202 per lawyer, for a total of \$7.7 million in 2015. The 2015 Budget, approved by the LibraryCo board and recommended to the Audit & Finance Committee, requests funding of \$7.7 million or \$202 per lawyer compared to the 2014 approved funding of \$7.5 million or \$202 per lawyer. 2015 will be a year of transition for LibraryCo as it deals with the loss of LFO funding for electronic products.

Access to Justice

The Society has applied for and received approval from the Law Foundation of Ontario for a grant related to the development and delivery of Access to Justice initiatives. The grant is for \$400,000 with the associated expenses included in the Policy, Equity and Public Affairs Budget. Hired in 2014, the Policy, Equity and Public Affairs Executive Director has primary responsibility for supporting the Treasurer's Access to Justice Group initiative, and the formation of a stakeholder Reference Group to steer the Access to Justice initiative.

THE LAW SOCIETY OF UPPER CANADA
 Budget Lawyers and Paralegals
 For the year ending December 31, 2015
 Budget Summary

	Professional Regulation/Tribunal and Compliance		Professional Development & Competence		Convocation Policy and Outreach		Services to Members and Public		Corporate Services & Administration		Capital Allocation Fund	2015 Approved Budget		2014 Approved Budget	
1 Total Employees/FTE	211.0	205.5	145.0	136.5	31.0	30.6	38.0	28.0	148.0	145.3		573.0	545.9	577.0	552.2
2 Operating Revenues	1,188,500		20,553,300		445,000		3,595,000		4,000,500		-	29,782,300		29,535,300	
3 Fund Balance Utilized	-		-		-		784,400		2,681,200		-	3,465,600		3,006,400	
4 Total Operating Revenue and Fund Balance Utilized	1,188,500		20,553,300		445,000		4,379,400		6,681,700			33,247,900		32,541,700	
5 Salaries & Benefits	23,097,000		13,841,495		4,028,800		2,273,800		14,213,370		-	57,454,465		56,754,500	
6 Dept. Operating Expenses	1,748,100		1,001,000		250,900		119,550		779,600		-	3,899,150		3,855,800	
7 Total Sal., Ben. & Oper. Exp.	24,845,100		14,842,495		4,279,700		2,393,350		14,992,970		-	61,353,615		60,107,900	
8 Program Expenses	3,788,300		11,884,400		6,446,400		13,780,100		8,808,200		2,953,200	47,660,600		46,165,100	
9 Total Direct Expenses	28,633,400		26,726,895		10,726,100		16,173,450		23,801,170		2,953,200	109,014,215		106,273,000	
10 Direct Operating Result	(27,444,900)		(6,173,595)		(10,281,100)		(11,794,050)		(17,119,470)		(2,953,200)	(75,766,315)		(73,731,300)	

THE LAW SOCIETY OF UPPER CANADA
 Budget Lawyers and Paralegals
 For the year ending December 31, 2015
 Professional Regulation, Tribunal and Compliance

	Executive Director of Professional Regulation		Disclosure Unit		Case Management		Investigations		Complaints Resolution		Complaints Resolution Commissioner		Intake		Monitoring and Enforcement		Trustee Services		Discipline		Complaints Services		Admin Compliance		By-Law Administration		Tribunal		2015 Total	
	6.0	6.0	3.0	3.0	5.0	5.0	57.0	56.6	24.0	23.8	4.0	3.8	10.0	10.0	5.0	4.4	12.0	12.0	36.0	34.8	14.0	13.2	11.0	10.2	10.0	9.2	14.0	13.5	211.0	205.5
1 Total Employees/FTE	6.0	6.0	3.0	3.0	5.0	5.0	57.0	56.6	24.0	23.8	4.0	3.8	10.0	10.0	5.0	4.4	12.0	12.0	36.0	34.8	14.0	13.2	11.0	10.2	10.0	9.2	14.0	13.5	211.0	205.5
2 Revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	400,000	200,600	-	-	-	-	-	-	522,700	65,200	-	-	-	-	-	1,188,500
3 Salaries & Benefits	1,064,400	322,700	574,000	574,000	6,256,200	6,256,200	2,608,300	2,608,300	430,700	430,700	1,086,200	1,086,200	509,600	509,600	1,104,100	1,104,100	4,908,800	4,908,800	1,222,500	1,222,500	823,300	823,300	724,700	724,700	1,461,500	1,461,500	23,097,000	23,097,000	23,097,000	
4 Dept. Operating Expenses	178,500	234,700	25,800	25,800	354,100	354,100	162,800	162,800	23,800	23,800	41,500	41,500	21,700	21,700	56,600	56,600	314,200	314,200	79,700	79,700	70,300	70,300	82,200	82,200	102,200	102,200	1,748,100	1,748,100	1,748,100	
5 Total Sal., Ben. & Oper. Exp.	1,242,900	557,400	599,800	599,800	6,610,300	6,610,300	2,771,100	2,771,100	454,500	454,500	1,127,700	1,127,700	531,300	531,300	1,160,700	1,160,700	5,223,000	5,223,000	1,302,200	1,302,200	893,600	893,600	806,900	806,900	1,563,700	1,563,700	24,845,100	24,845,100	24,845,100	
6 Program Expenses	2,030,300	-	102,000	102,000	256,000	256,000	39,400	39,400	173,900	173,900	2,500	2,500	44,400	44,400	140,400	140,400	218,700	218,700	6,200	6,200	13,200	13,200	12,900	12,900	748,400	748,400	3,788,300	3,788,300	3,788,300	
7 Total Direct Expenses	3,273,200	557,400	701,800	701,800	6,866,300	6,866,300	2,810,500	2,810,500	628,400	628,400	1,130,200	1,130,200	575,700	575,700	1,301,100	1,301,100	5,441,700	5,441,700	1,308,400	1,308,400	906,800	906,800	819,800	819,800	2,312,100	2,312,100	28,633,400	28,633,400	28,633,400	
8 Direct Operating Result	(3,273,200)	(557,400)	(701,800)	(701,800)	(6,866,300)	(6,866,300)	(2,810,500)	(2,810,500)	(628,400)	(628,400)	(1,130,200)	(1,130,200)	(175,700)	(175,700)	(1,100,500)	(1,100,500)	(5,441,700)	(5,441,700)	(1,308,400)	(1,308,400)	(384,100)	(384,100)	(754,600)	(754,600)	(2,312,100)	(2,312,100)	(27,444,900)	(27,444,900)	(27,444,900)	

THE LAW SOCIETY OF UPPER CANADA
 Budget Lawyers and Paralegals
 For the year ending December 31, 2015
 Professional Development & Competence

	Licensing Process		Quality Assurance		Competence		2015 Total	
1 Total Employees/FTE	31.0	31.0	50.0	48.8	64.0	56.7	145.0	136.5
2 Revenues	11,618,300		-		8,935,000		20,553,300	
3 Salaries & Benefits	2,763,300		5,562,795		5,515,400		13,841,495	
4 Dept. Operating Expenses	161,800		563,900		275,300		1,001,000	
5 Total Sal., Ben. & Oper. Exp.	2,925,100		6,126,695		5,790,700		14,842,495	
6 Program Expenses	7,928,200		127,900		3,828,300		11,884,400	
7 Total Direct Expenses	10,853,300		6,254,595		9,619,000		26,726,895	
8 Direct Operating Result	765,000		(6,254,595)		(684,000)		(6,173,595)	

THE LAW SOCIETY OF UPPER CANADA
 Budget Lawyers and Paralegals
 For the year ending December 31, 2015
 Quality Assurance

	Practice Review		Spot Audit		2015 Total	
1 Total Employees/FTE	16.0	16.0	34.0	32.8	50.0	48.8
2 Revenues	-	-	-	-	-	-
3 Salaries & Benefits	1,752,400		3,810,395		5,562,795	
4 Dept. Operating Expenses	151,400		412,500		563,900	
5 Total Sal., Ben. & Oper. Exp.	1,903,800		4,222,895		6,126,695	
6 Program Expenses	78,400		49,500		127,900	
7 Total Direct Expenses	1,982,200		4,272,395		6,254,595	
8 Direct Operating Result	(1,982,200)		(4,272,395)		(6,254,595)	

THE LAW SOCIETY OF UPPER CANADA
 Draft Budget Lawyers and Paralegals
 For the year ending December 31, 2015
 Competence

	Practice Management		Certified Specialist		Continuing Professional Development		Archives		Great Library		2015 Total	
1 Total Employees/FTE	11.0	9.0	1.0	1.0	30.0	27.0	5.0	3.5	17.0	16.2	64.0	56.7
2 Revenues	-		270,000		8,477,000		-		188,000		8,935,000	
3 Salaries & Benefits	1,309,400		66,300		2,438,500		291,700		1,409,500		5,515,400	
4 Dept. Operating Expenses	75,700		7,100		117,400		14,000		61,100		275,300	
5 Total Sal., Ben. & Oper. Exp.	1,385,100		73,400		2,555,900		305,700		1,470,600		5,790,700	
6 Program Expenses	89,700		51,300		2,132,400		39,800		1,515,100		3,828,300	
7 Total Direct Expenses	1,474,800		124,700		4,688,300		345,500		2,985,700		9,619,000	
8 Direct Operating Result	(1,474,800)		145,300		3,788,700		(345,500)		(2,797,700)		(684,000)	

THE LAW SOCIETY OF UPPER CANADA
 Budget Lawyers and Paralegals
 For the year ending December 31, 2015
 Convocation, Policy and Outreach

	Executive Director PEPA		Policy		Treasurer/ Bencher		Communications		Public Affairs		Federation of Law Societies	Equity		Contingencies	2015 Total	
	3.0	3.0	7.0	7.0	1.0	1.0	11.0	11.0	3.0	3.0		6.0	5.6		31.0	30.6
1 Total Employees/FTE																
2 Revenues	400,000		20,000		-		-		-			25,000				445,000
3 Salaries & Benefits	530,600		1,045,500		102,600		1,234,500		385,800			729,800				4,028,800
4 Dept. Operating Expenses	45,000		49,900		20,000		51,400		35,500			49,100				250,900
5 Total Sal., Ben. & Oper. Exp.	575,600		1,095,400		122,600		1,285,900		421,300			778,900				4,279,700
6 Program Expenses	73,500		92,300		2,997,700		395,900		324,000	1,180,000		383,000	1,000,000			6,446,400
7 Total Direct Expenses	649,100		1,187,700		3,120,300		1,681,800		745,300	1,180,000		1,161,900	1,000,000			10,726,100
8 Direct Operating Result	(249,100)		(1,167,700)		(3,120,300)		(1,681,800)		(745,300)	(1,180,000)		(1,136,900)	(1,000,000)			(10,281,100)

THE LAW SOCIETY OF UPPER CANADA
 Budget Lawyers and Paralegals
 For the year ending December 31, 2015
 Services to Members and Public

	Catering		LSRS		Compensation Fund		OJEN, ProBono & LCO	Cty. & Dist. Law Presidents Assoc.	CANLII	County Libraries		MAP	PLAP		2015 Total	
	29.0	19.0	5.0	5.0	4.0	4.0				0.0	0.0				38.0	28.0
1 Total Employees/FTE																
2 Operating Revenues	1,735,000		325,000		1,350,000				-			185,000		-		3,595,000
3 Fund Balance Utilized	-		-		784,400				-			-		-		784,400
Total Operating Revenue and Fund Balance Utilized	1,735,000		325,000		2,134,400				-			185,000		-		4,379,400
5 Salaries & Benefits	1,290,500		467,000		516,300				-			-		-		2,273,800
6 Dept. Operating Expenses	41,300		57,650		20,600				-			-		-		119,550
7 Total Sal., Ben. & Oper. Exp.	1,331,800		524,650		536,900				-			-		-		2,393,350
8 Program Expenses	766,100		23,800		2,658,400	338,000	252,800	1,345,000	7,696,000	400,000		300,000				13,780,100
9 Total Variable Expenses	2,097,900		548,450		3,195,300	338,000	252,800	1,345,000	7,696,000	400,000		300,000				16,173,450
10 Direct Operating Result	(362,900)		(223,450)		(1,060,900)	(338,000)	(252,800)	(1,345,000)	(7,696,000)	(215,000)		(300,000)				(11,794,050)

THE LAW SOCIETY OF UPPER CANADA
 Budget Lawyers and Paralegals
 For the year ending December 31, 2015
 Corporate Services and Administration

	CEO/ Finance		Facilities		Client Service Centre		I.S., PMO & Web Content		Human Resources		Corporate Resource Centre		General Counsel		Corporate	2015 Total	
1 Total Employees/FTE	30.0	29.2	25.0	24.1	36.0	35.2	38.0	38.0	8.0	7.8	5.0	5.0	6.0	6.0		148.0	145.3
2 Operating Revenues	381,000		-		37,500		12,000		-		-		-		3,570,000	4,000,500	
3 Fund Balance Utilized	-		-		-		-		-		-		-		2,681,200	2,681,200	
Total Operating Revenue and Fund 4 Balance Utilized	381,000		-		37,500		12,000		-		-		-		6,251,200	6,681,700	
5 Salaries & Benefits	3,512,600		1,791,300		2,825,470		3,888,000		836,600		530,900		828,500		-	14,213,370	
6 Dept. Operating Expenses	242,900		67,200		177,100		110,900		77,000		26,200		78,300		-	779,600	
7 Total Sal., Ben. & Oper. Exp.	3,755,500		1,858,500		3,002,570		3,998,900		913,600		557,100		906,800		-	14,992,970	
8 Program Expenses	418,800		3,457,400		35,900		1,517,500		902,800		17,900		383,900		2,074,000	8,808,200	
9 Total Direct Expenses	4,174,300		5,315,900		3,038,470		5,516,400		1,816,400		575,000		1,290,700		2,074,000	23,801,170	
10 Direct Operating Result	(3,793,300)		(5,315,900)		(3,000,970)		(5,504,400)		(1,816,400)		(575,000)		(1,290,700)		4,177,200	(17,119,470)	

THE LAW SOCIETY OF UPPER CANADA
 Budget Lawyers and Paralegals
 For the year ending December 31, 2015
 Client Service Centre

	Administration		Corporate Services		Call Centre		Client & Member Services		2015 Total	
1 Total Employees/FTE	2.0	2.0	3.0	3.0	12.0	12.0	19.0	18.2	36.0	35.2
2 Revenues	-	-	-	-	-	-	37,500		37,500	
3 Salaries & Benefits	290,600		539,370		847,600		1,147,900		2,825,470	
4 Dept. Operating Expenses	27,700		65,900		22,400		61,100		177,100	
5 Total Sal., Ben. & Oper. Exp.	318,300		605,270		870,000		1,209,000		3,002,570	
6 Program Expenses	-		1,200		18,700		16,000		35,900	
7 Total Direct Expenses	318,300		606,470		888,700		1,225,000		3,038,470	
8 Direct Operating Result	(318,300)		(606,470)		(888,700)		(1,187,500)		(3,000,970)	

**The Law Society of Upper Canada
Facilities Capital Fund Proposed Projects
For the year ending December 31, 2015**

Item	Project Description	Budget
1	Carpet replacement - Portrait & Museum Rooms	100,000
2	Window replacement	200,000
3	Heat pump upgrade in North Wing	700,000
4	Lighting retrofit	50,000
5	Museum room ceiling tile replacement	60,000
6	Roof De-icing - East Entrance	35,000
7	Hydraulic lift - loading dock	30,000
8	Accessible lift - Honours Room	30,000
9	Washroom upgrades - various	100,000
10	Historic fence restoration	100,000
11	Historic gate restoration	100,000
12	Improvement to air conditioning unit in Trustee Services	12,000
13	Relocate Tribunal Office / hearing rooms	1,285,000
14	Contingency	150,000
15	TOTAL 2015 CAPITAL REQUEST	2,952,000