



BUDGET NARRATIVE FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

The Washington State Bar Association (WSBA) budget is a policy document and management tool that allocates funds to fulfill our regulatory responsibilities to protect the public, and to help members succeed in the practice of law. Each year, the Board of Governors works to build a fiscally responsible budget designed to maintain a high level of regulatory effectiveness and deliver value to our members in a diverse, changing profession. This narrative describes how WSBA has allocated funds for budgeting and planning purposes. The Executive Director, Treasurer, and Budget and Audit Committee have designated authority to make spending decisions within the approved allocations.

The FY19 budget advances WSBA's mission to serve the public and the members of the Bar, to ensure the integrity of the legal profession, and to champion justice. It enables WSBA to support members, and to advance and promote: (1) access to the justice system, (2) diversity, equity, and cultural understanding throughout the legal community, (3) the public's understanding of the rule of law and its confidence in the legal system, (4) a fair and impartial judiciary, and (5) the ethics, civility, professionalism, and competence of the Bar.

The FY19 budget also supports programs and services such as the following, which help assure competent and qualified legal professionals, and promote the role of legal professionals in society:

- Over 140 credit hours of free and low cost CLE programs, including the Legal Lunchbox series and New and Young Lawyer education programs
- Help from our confidential Ethics Line
- Career consultation, including Job Seekers Group
- Free legal research on CaseMaker
- Mentorship resources and support
- Member wellness consultation programming; and WSBAConnects, a 24/7 confidential statewide wellness benefit to help address issues related to mental health and addiction, career management, family, caregiving, daily living, health and well-being, and more
- Practice management resources to help achieve and maintain a successful law practice, including: ABA publications and retirement plans; professional liability insurance; and billing, document management, file sharing, conflict check, cloud practice management, merchant accounting, and other business systems
- Public Service training and programs (Moderate Means and Call to Duty)
- 29 practice sections and numerous WSBA committees, task forces, and panels
- Financial accommodations through the WSBA Hardship Option and Payment Plan

As a whole, the FY19 WSBA budget assumes revenue of \$23.3 million, expenses of \$22.8 million, and planned increase in reserves of \$496,000. It actually consists of five budgets, each with its own revenues, expenses, and reserves: (1) the General Fund, (2) Capital, (3) Continuing Legal Education Fund, (4) Client Protection Fund, and (5) Sections Fund. This narrative provides both an overview and detailed description of the activities, revenues, expenses, and reserves corresponding to each of the budgets that make up the organization's budget.

GENERAL FUND

The General Fund consists of 30 cost centers and supports regulatory functions and most services to members and the public. Revenue sources include license fees, interest income, Washington State Bar Foundation donations, fees from mandatory CLE, regulatory, and members services; advertising and sponsorships; recovery of discipline costs, and section reimbursements. Expenses include the costs of doing business, such as salaries, benefits, rent, technology, telephone, insurance, legal advice audit; plus direct expenses, such as consulting, travel, and committee expenses. A net negative means that the cost center is supported by license fee revenues; a net positive means that it generates enough revenue to support itself.

In the FY19 budget, General Fund expenses of \$20,263,940 are supported by revenues of \$20,222,324 and planned use of \$41,616 in reserves.

<p>Access to Justice</p> <p>Revenue \$ 7,500 Expense <u>\$ 334,824</u> Net \$ (327,324)</p> <p><u>FTE Staff: 2.10</u></p>	<p>WSBA administers the Supreme Court-established Access to Justice Board and most of its initiatives and working committees. This cost center also includes staffing and other support for WSBA's Council on Public Defense. Overall, revenue and direct costs have increased because the biennial Access to Justice Conference will take place in FY19. Funds for staff travel have slightly increased to allow for travel to the ATJ Conference. Costs proposed in this budget include support for two ATJ Board meetings outside of Seattle, implementation of the State Plan for the Coordinated Delivery of Civil Legal Aid to Low Income People, outreach on the anticipated updated Technology Principles, and membership in the WA Nonprofit Association in furtherance of the ATJ Board's goal to more meaningfully engage with community-based organizations.</p>
<p>Administration</p> <p>Revenue \$ 100,000 Expense <u>\$ 1,143,654</u> Net \$(1,043,654)</p> <p><u>FTE Staff: 7.97</u></p>	<p>Finance and Administration provides organizational support services, including accounting, financial reporting, investments, payroll, facilities maintenance, and general office administration. Revenue coded to this cost center is interest income on WSBA's cash and investments. In FY19, interest on investments has increased consistent with actual revenues.</p>
<p>Admissions</p> <p>Revenue \$ 1,327,400 Expense <u>\$ 1,257,979</u> Net \$ 69,421</p> <p><u>FTE Staff: 6.30</u></p>	<p>The Supreme Court has delegated to WSBA administrative responsibility over admissions for lawyers, Limited License Legal Technicians (LLLTs), and Limited Practice Officers (LPOs). Each year, approximately 1,100 people take one of the Uniform Bar Exams offered in February and July in the Puget Sound area, and much smaller numbers take the licensing exams for LPOs and LLLTs, also offered twice a year. In addition, approximately 600 people are admitted through admission by motion and more than 100 through a UBE score transfer, and another several hundred are licensed to practice as house counsel.</p>

	<p>This work unit reviews all admission applications for all license types, performs some aspects of the background checks on applicants, further investigates identified character and fitness issues for some applicants (up to several hundred each year), and supports the Character and Fitness Board in conducting hearings and making recommendations to the Supreme Court regarding whether to admit and license applicants for all license types (recently up to 24 hearings each year). This work unit also works with the National Conference of Bar Examiners in administering and grading exams for lawyers, the Board of Bar Examiners for grading exams for lawyers, Ergometrics in preparing LPO and LLLT exams, and the LPO and LLLT Boards in grading the LPO and LLLT exams. Work has begun to develop and implement a new online application program that can accommodate all of the different types of admissions and licensing applications that are now all consolidated within this one cost center.</p> <p>Revenue increases are consistent with historic trends and now include revenue from LPO and LLLT admission applications. Direct expense budget includes costs for the Boards and for developing LLLT and LPO exams.</p>
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<p>Board of Governors</p> <p>Revenue \$ 0 Expense \$ <u>834,709</u> Net \$ (834,709)</p> <p>FTE Staff: <u>2.45</u></p>	<p>This cost center supports the president, the president-elect, the Board of Governors' work and meetings, Board committees, and the Office of the Executive Director. The budget includes funding for Board meetings, Board committees, governor travel and outreach (to local, specialty, and minority bar associations, committees, sections, etc.), and staff-related expenses. In FY19, it also continues to earmark support for the Washington Leadership Institute.</p>
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<p>Communication Strategies</p> <p>Revenue \$ 50,750 Expense \$ <u>655,582</u> Net \$ (604,832)</p> <p>FTE Staff: <u>4.62</u></p>	<p>Communication Strategies is responsible for member, public, and internal communications; branding and reputation management; media and public relations; marketing; special events; and strategic communication tools aimed at improving member and public engagement and outreach (including the WSBA website, website content, and WSBA's blog (<i>NWSidebar</i>), social media channels, and broadcast emails). It works with all WSBA departments to support the communications and marketing of WSBA programs, services, and matters of interest to members and the public.</p>
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<p>Conference and Broadcast Services</p> <p>Revenue \$ 0 Expense \$ <u>783,893</u> Net \$ (783,893)</p> <p>FTE Staff: <u>7.15</u></p>	<p>Conference and Broadcast Services is responsible for the Service Center, meeting facilities, mail and print services, and all other services on WSBA's public floor. Last year, WSBA supported over 1,500 on-site meetings and events, and the Service Center handled over 50,000 communications with members and the public. This cost center also supports all non-CLE activities related to webcasting, webinars, and recorded products.</p>
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<p>Discipline</p> <p>Revenue \$ 96,200 Expense \$ <u>5,884,275</u> Net \$(5,788,075)</p> <p><u>FTE Staff: 36.88</u></p>	<p>The Washington Supreme Court has exclusive responsibility for the lawyer, LPO, and LLLT discipline and disability systems in Washington. By court rule, the Supreme Court delegates regulatory authority to the WSBA through, in part, the Office of Disciplinary Counsel (ODC).</p> <p>ODC is responsible for fielding communications from individuals with concerns about a lawyer, for reviewing, investigating, and prosecuting grievances about the ethical conduct of Washington lawyers, and for addressing issues involving a lawyer’s alleged incapacity to practice law. ODC is also responsible for investigating and prosecuting ethical misconduct by LPOs and LLLTs upon referral from the corresponding regulatory board. More specifically, ODC identifies and dismisses grievances that do not allege unethical conduct, prosecutes violations of the Washington Supreme Court’s Rules of Professional Conduct in matters that have been ordered to hearing by a review committee of the Disciplinary Board, and seeks transfers to disability-inactive status for licensees lacking the capacity to practice law. Some disciplinary matters are resolved by stipulation, some involving less serious misconduct may be diverted from discipline into the Diversion Program, while others are contested at a disciplinary hearing. If a hearing-level decision is appealed, disciplinary counsel briefs and argues the appeal to the applicable regulatory board and, in some cases, the Supreme Court. ODC also reviews trust account overdraft notices and conducts random examinations of trust account books and records, tracks and collects costs and expenses assessed against respondents in disciplinary proceedings, and monitors compliance with conditions of probation imposed in disciplinary matters.</p> <p>To perform these functions, ODC employs disciplinary counsel, investigators, auditors, and a support staff of paralegals and administrative assistants; its expenses are primarily staff-related. Revenues consist primarily of recovery of discipline costs and expenses and service fees for providing discipline history summaries.</p>
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<p>Diversity</p> <p>Revenue \$ 120,374 Expense \$ <u>566,191</u> Net \$ (445,817)</p> <p><u>FTE Staff: 4.05</u></p>	<p>This cost center captures the cost of WSBA’s staffing and programming to implement the statewide WSBA Diversity and Inclusion Plan. Activities supported by this cost center include equity and inclusion consultation for legal professionals and organizations, community networking events held across the state, events to promote inclusion and provide opportunities for mentorship such as the Seattle University Law School ARC Reception, and outreach to and collaboration with Washington’s minority bar associations (MBAs). This cost center also supports the WSBA Diversity Committee, development of three diversity-related CLE programs for the Legal Lunchbox and other educational events, like the Beyond the Dialogue Series. Direct costs have been reduced slightly in this cost center, while indirects have increased to reflect the investment of staff resources in delivering these programs. The diversity programs are supported by a \$110,000 grant from the Washington State Bar Foundation in FY19 (a \$20,000 increase over the FY18 budget).</p>
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<p>Foundation</p> <p>Revenue \$ 0 Expense \$ <u>164,863</u> Net \$ (164,863)</p> <p><u>FTE Staff: 1.15</u></p>	<p>The Washington State Bar Foundation is the fundraising arm of the WSBA. This cost center reflects the staffing, operations, and administrative support WSBA provides to the Foundation in exchange for its fundraising services. The Foundation will contribute \$220,000 in revenue to WSBA’s FY19 budget to support public service and diversity efforts within the Advancement Department cost centers. We continue to look for opportunities to reduce indirect and direct costs in this cost center to better reflect the actual cost of delivering this service.</p>
<p>Human Resources</p> <p>Revenue \$ 0 Expense \$ <u>204,958</u> Net \$ (204,958)</p> <p><u>FTE Staff: 2.45</u></p>	<p>The Human Resources Department handles all human resources functions, including recruitment and retention, compensation and benefits administration, employee relations, legal compliance, equal employment opportunity, employee on-boarding, ongoing employee training and development, performance management, and human resources policies and procedures. Expenses reflected here are solely for staffing (salaries, benefits, and overhead). Direct costs, which include payroll processing, staff training, and recruiting costs, are allocated out to all cost centers through “Overhead” in the indirect expense allocation.</p>
<p>Law Clerk Program</p> <p>Revenue \$ 166,000 Expense \$ <u>154,015</u> Net \$ 11,985</p> <p><u>FTE Staff: 1.10</u></p>	<p>The Law Clerk Program is now joined with LLLT and LPO licensing in a newly formed “Innovative Licensing Programs” work unit within RSD. This cost center captures the revenue and expenses for the APR Rule 6 Law Clerk Program, which is a program of education that offers an alternative to law school by allowing Law Clerks to study law with a tutor/employer while working full time with the employer; the standard program is four years, the curriculum is essentially the same as a three year JD program curriculum, and Law Clerks must pass character and fitness review and pass the Bar exam to be eligible for admission and licensing as a lawyer. Revenues are generated from modest fees charged to the Law Clerks to participate in the program; increased revenue reflected in this budget for this program is from a modest (\$500/year) increase in the annual fee charged to Law Clerks for participation in the program. Expenses are the costs to administer the Law Clerk program and the expenses incurred by the Law Clerk Board. This program has been slowly increasing in size and currently stands at about 83 clerk/tutor pairs around the state. The Board hopes to expand the program through increased outreach and education about the program, and with improving employment situations, expansion of the number of participants may continue to be a possibility. RSD staff has been working to improve the data base at the heart of the program in order to provide improved services to the Law Clerks and tutors. RSD and Communications staff have been working to increase the outreach about and visibility of the program.</p>
<p>Legislative</p> <p>Revenue \$ 0 Expense \$ <u>154,066</u> Net \$ (154,066)</p> <p><u>FTE Staff: 1.10</u></p>	<p>The Outreach and Legislative Affairs Manager and the Outreach and Legislative Affairs Coordinator work closely with WSBA leadership and sections to formulate positions on legislation, track relevant legislation during session and provide technical advice on bills and existing statutes to the Legislature. Reduced contract lobbyist, Olympia space rental, and staffing costs reflect reevaluation of legislative support needs.</p>

<p>Licensing and Membership Records</p> <p>Revenue \$ 304,350 Expense \$ 682,139 Net \$ (377,789)</p> <p><u>FTE Staff: 4.35</u></p>	<p>All member and license types are tracked in one database and their annual license renewal processes are administered by this work group, rather than being handled separately according to license type. This work group includes all activities associated with the collection of annual license fees; processing changes to a member's information on record with the WSBA; providing mailing and emailing lists for internal and external requesters consistent with WSBA policy, bylaws, and the Admission and Practice Rules; and maintaining the membership records database.</p> <p>Revenues are generated from application fees for Rule 9 Legal Interns and pro hac vice admissions, as well as limited sales of member contact information, member status certificates, investigation fees for status changes, and revenue from sales of photo bar cards. Expenses are primarily printing and postage costs for the annual license packets, the costs of administering the Rule 9 Legal Intern and pro hac vice programs, and all status changes. Revenue changes are consistent with historic trends; direct costs change with changes in printing and mailing costs.</p>
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<p>Licensing Fees</p> <p>Revenue \$15,958,200 Expense \$ 0 Net \$15,958,200</p> <p><u>FTE Staff: 0</u></p>	<p>Most cost centers across WSBA are supported by license fee funds. Because LPOs and LLLTs are now WSBA members, revenues from LPO and LLLT license fees also are included in this cost center. The Licensing cost center tracks this revenue without any associated expenses. A relatively small increase in revenue is attributable to increased license fees for LPOs and LLLTs.</p>
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<p>Limited License Legal Technician</p> <p>Revenue \$ 0 Expense \$ 241,191 Net \$ (241,191)</p> <p><u>FTE Staff: 1.55</u></p>	<p>The Limited License Legal Technician (LLLT) license type (APR 28), was created by the Supreme Court and delegated to WSBA in 2012. In the past, this cost center was used to track all revenues and expenses associated with the "LLLT Program". LLLTs are now WSBA members, and consistent with the WSBA Bylaws and the Washington Supreme Court Admission and Practice Rules, the administration and regulation of these member license types has been consolidated within existing work groups and cost centers that already perform these functions for lawyers, including Admissions, License and Membership Records, and MCLE (although it continues to be possible to determine these costs separately by member type if needed). For FY19, this cost center is used primarily to track staffing and expenses related to the LLLT Board, which by court rule oversees the license.</p>
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<p>Limited Practice Officers</p> <p>Revenue \$ 0 Expense \$ 171,653 Net \$ (171,653)</p> <p><u>FTE Staff: 1.17</u></p>	<p>The Limited Practice Officer (LPO) license type (APR 12), was created by the Supreme Court, and later delegated to the WSBA In 2002. There are about 925 licensed LPOs in Washington. In the past, this cost center was used to track all revenues and expenses associated with the "Limited Practice Officer (LPO) licensing program". LPOs are now WSBA members, and consistent with the WSBA Bylaws and the Washington Supreme Court Admission and Practice Rules, the administration and regulation of these members has been consolidated within existing work groups and cost centers that already perform these functions for lawyers, including Admissions, License and Membership Records, and MCLE (although it will continue to be possible to determine these costs separately by member type if needed). For FY19, this cost center will be used primarily to track staffing and expenses related to the Limited Practice Board, which by court rule oversees the program.</p>
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<p>Mandatory Continuing Legal Education</p> <p>Revenue \$ 1,050,000 Expense \$ <u>873,429</u> Net \$ 176,571</p> <p><u>FTE Staff: 4.90</u></p>	<p>MCLE administration is a core regulatory function of the WSBA. This area processes requests for accreditation of all CLE programs for all license types, a total of about 20,000 accreditation requests per year, and tracks the earned credits and the CLE certifications and requirements of all individual members to ascertain whether they have completed their minimum continuing education requirements. Every year, approximately one-third of the active WSBA members are required to report their MCLE credits. The cost center is also used to track staffing and expenses related to the MCLE Board, which by court rule oversees the program for all license types.</p> <p>Revenue increases reflect increases in sponsor and accredited sponsor fees, and increased late certification fees for LLLTs and LPOs but otherwise are consistent with historical trends.</p>
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<p>Member Assistance Program</p> <p>Revenue \$ 10,000 Expense \$ <u>142,499</u> Net \$ (132,499)</p> <p><u>FTE Staff: .90</u></p>	<p>The Member Wellness Program (MWP) is a confidential (APR 19) program whose goal is to help lawyers prevent and/or address psychological, emotional, addiction, family, health, stress, and other personal problems and provide education and services to foster member well-being. Services include assessment, short-term consultation, group services (e.g. for Job Seekers) and referral, follow-up, and training. MWP administers all Diversion Program respondent evaluations, and handles evaluation interviews, written reports, monitoring, and consultations with other treating professionals and ODC staff. MWP also provides judicial officer referrals for clinical service through the Judicial Assistance Services Program (JASP). Last year, MWP conducted approximately 200 consultations and gave presentations reaching 1,200 members.</p> <p>Additionally, the program makes assistance available to all WSBA members through a community partner, KEPRO, whose licensed professionals are available 24/7 assess, treat, and refer impaired lawyers. This program, known as WSBA Connects, provides members access to a suite of work/life integration services including financial counseling, family caregiver referral, and online resources and information to address a wide range of personal and work issues. Extended resources include a free, statewide MWP-trained peer advisor network, self-care website resources, and free or low cost work and wellness educational programming. Revenues come from Diversion Program fees; expenses are principally staff-related costs.</p>
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<p>Membership Benefits</p> <p>Revenue \$ 17,000 Expense \$ <u>217,707</u> Net \$ (200,707)</p> <p><u>FTE Staff: .73</u></p>	<p>This cost center includes costs associated with programs benefiting WSBA's membership as a part of their annual license fee: (1) Casemaker, a free legal research tool; (2) Legal Lunch Box Series, a free monthly CLEs with attendance in excess of 20,000 in FY18; and (3) WSBA Connects, a confidential 24/7 member assistance program operated by Kepro, our community partner (see Lawyer Assistance Program cost center narrative for a fuller description of this program). The cost center also includes the revenue for sponsorship and online sales associated with the Legal Lunchbox Series. In FY19 this cost center includes the direct and indirect costs associated with implementation of a member health insurance program.</p>
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<p>Member Services and Engagement</p> <p>Revenue \$ 141,200 Expense \$ 561,679 Net \$ (420,479)</p> <p><u>FTE Staff: 3.98</u></p>	<p>Member Services and Engagement coordinates and executes a range of projects, initiatives and programs that focus on mentorship, new members, and practice management. These activities are designed to support member competence, professionalism and strengthen community.</p> <p>In FY19 this cost center will support the direct and indirect costs of: (1) developing a 24-credit Practice Primer Track, the annual Trial Advocacy Program, and a free financial/debt management seminar; (2) supporting 1 Open Sections Night, 4 MentorLink Mixers, the Young Lawyer Liaison Program (to Sections), 4 Public Service Incentive Awards (free CLEs), the Law School WSBA Representatives Program, the WSBA mentorship curriculum, ALPS Attorney Match, and mentorship programs offered by our community partners across the state; (3) supporting those in solo and small-firm practice and those going through practice transitions by continuing to offer free telephone consultations, maintaining a Lending Library, referrals to external consultant and vendors, revamping and developing WSBA online guides; (4) supporting the Washington Young Lawyers Committee and the ABA YLD District Representative; (5) exploring and possibly implementing a rural placement pilot project.</p> <p>FY19 revenue includes rebates received for WSBA’s Practice Management Discount Network, (products made available to WSBA members at a discount), CLE registration for live seminars, and sales of on-demand recorded products. All of which are increased due to more accurate prediction of the product sales and rebates. Indirect costs have decreased to better reflect the actual staff resources needed to deliver these programs.</p>
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<p>NW Lawyer</p> <p>Revenue \$ 461,350 Expense \$ 658,453 Net \$ (197,103)</p> <p><u>FTE Staff: 2.25</u></p>	<p>NWLawyer is the official publication of WSBA and serves as the primary method of print communication that is received by all WSBA members and is available to inactive and emeritus members on request. A digital online version is also available. The Editorial Advisory Committee provides oversight and guidance as needed. Authors are volunteers and are not paid for their contributions. Editing and production of NWLawyer is administered by the staff in the Communications and Outreach Department. NWLawyer revenues come from sales of advertisements (display ads, classified ads, professional ads, and announcements) and subscriptions (to nonmembers). Expenses include outside advertising sales management, printing, mailing services, postage, and some artwork. All design and layout, as well as much of the photography and artwork, are performed in-house. The overall increase in indirect costs reflects staff time devoted to bringing on a new editor. After vetting several options, WSBA entered into a contract with a professional advertising management company (SagaCity Media) in January 2018 for the express purpose of increasing ad sales revenue. The production team is working with SagaCity to set ad targets and diversify the types of ads included in the magazine to begin to make the magazine more cost-neutral. We are also exploring upgraded platforms for the digital version of the magazine that will allow for additional online ads, producing an additional revenue stream.</p>
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<p>Office of General Counsel</p> <p>Revenue \$ 0 Expense \$ <u>941,756</u> Net \$ (941,756)</p> <p><u>FTE Staff: 5.75</u></p>	<p>The Office of General Counsel serves as counsel to WSBA and the Board of Governors. This office handles or oversees all litigation against WSBA, interpretations and changes to the WSBA bylaws, and other legal issues. It also handles public records requests, custodianship matters, the Lawyers Fund for Client Protection applications, investigation, and processing, and logistical support for Hearing Officers, Conflicts Review Counsel, and for the outside counsel appointed to represent incapacitated respondents in the lawyer discipline system. Staff in this office also supports various boards, committees, task forces, and workgroups, including the Lawyers' Fund for Client Protection Board, the Court Rules Committee, and the Discipline Advisory Round Table. This past fiscal year this office shifted responsibilities and workload. An Associate Director General Counsel will have primary responsibility for the support of boards and Committees, while a second Associate Director will have primary responsibility for the internal functions of the office, such as public records, litigation and contracting. Both Associate Directors will report to the General Counsel.</p>
<p>Office of General Counsel Disciplinary Board</p> <p>Revenue \$ 0 Expense \$ <u>290,573</u> Net \$ (290,573)</p> <p><u>FTE Staff: 1.45</u></p>	<p>The Disciplinary Board reviews stipulations to and hearing officer recommendations for suspension and disbarment, holds public oral arguments, and issues written recommendations to the Supreme Court in disciplinary matters. Four separate Review Committees made up of Disciplinary Board members review disciplinary counsel requests for public hearing, admonition, and interim suspension, and dismissals upon request. One assistant general counsel devotes approximately half of his time to this function, assisted by the Clerk to the Disciplinary Board, who handles a significant number of requests for public discipline information.</p>
<p>Outreach and Engagement</p> <p>Revenue \$ 0 Expense \$ <u>401,898</u> Net \$ (401,898)</p> <p><u>FTE Staff: 2.73</u></p>	<p>The Outreach and Engagement Division advances strategic bar initiatives by developing, supporting, and overseeing activities that build relationships with the general public; legal professionals; local, county, and specialty bars; policymakers/influencers, and other stakeholders. Outreach work aims to enhance volunteer recruitment, raise awareness and understanding of WSBA programs and priorities, create a sustainable stakeholder network, and leverage Board and staff as brand ambassadors and champions to influence their networks outside of WSBA.</p>
<p>Practice of Law Board</p> <p>Revenue \$ 0 Expense \$ <u>90,063</u> Net \$ (90,063)</p> <p><u>FTE Staff: .40</u></p>	<p>The Practice of Law Board (POLB) is established by Supreme Court rule and administered by the WSBA to make recommendations to the Supreme Court regarding the practice or law, particularly with regard to the delivery of legal and law related services to the public. The POLB is also charged with educating the public about how to receive competent legal assistance. The POLB reviews allegations of the unauthorized practice of law (UPL) and refers matters for prosecution when appropriate.</p>

<p>Professional Responsibility Program</p> <p>Revenue \$ 0 Expense \$ <u>265,570</u> Net \$ (265,570)</p> <p><u>FTE Staff: 1.65</u></p>	<p>This program includes the ethics phone line, a resource for members to get answers to ethics questions before they take action; support for the Committee on Professional Ethics; and statewide educational ethics presentations. The Ethics Line provides ethics assistance in around 3,000 member calls a year, and Professional Responsibility Counsel is a frequent local (and occasionally national) speaker, making between 35 and 40 presentations a year on ethical issues of concern to our members. In FY17, WSBA staff completed a revamp of the Ethics Advisory Opinion database and search function to make it easier for people to find current, accurate ethics information on the WSBA website.</p>
<p>Public Service Programs</p> <p>Revenue \$ 112,000 Expense \$ <u>374,919</u> Net \$ (262,919)</p> <p><u>FTE Staff: 1.03</u></p>	<p>Public Service Programs includes staffing and support for the WSBA Moderate Means Program, Call to Duty, the Pro Bono and Public Service Committee, and other activities to promote pro bono and public service through WSBA and with our community partners. Much of this support is provided in the form of grant funding to the partners that help us to deliver our programs, including Washington's three law schools, which partner with WSBA to deliver low-cost legal assistance through the Moderate Means Program. Since 2011, the Moderate Means Program has made over 3,000 referrals and engaged more than 700 attorneys and 300 law students. Since 2015, WSBA has held 7 Day of Service Clinics serving 120 veterans and providing training to over 250 volunteers. In FY19, revenue in the cost center includes revenue from the sale of recorded public service CLEs to those not accessing them for free. Direct costs for this cost center have increased in FY19 to provide grants for up to eight MBA remote legal clinics and to increase outreach and recruitment for the Moderate Means Program. Indirect costs have decreased to better reflect the actual staff resources needed to deliver these programs. Public Service Programs are supported by a grant of \$110,000 from the Washington State Bar Foundation in FY19 (\$15,000 increase over the FY18 budget).</p>
<p>Publications and Design Services</p> <p>Revenue \$ 0 Expense \$ <u>146,865</u> Net \$ (146,865)</p> <p><u>FTE Staff: 1.22</u></p>	<p>Publication and Design Services is responsible for: (1) editing and oversight of WSBA publications (including but not limited to Deskbooks, Sections publications, and NWLawyer); (2) graphic design for WSBA projects, programs, events, and CLE marketing; and (3) shared oversight of, and set up of products on, the WSBA online store.</p>
<p>Sections Administration</p> <p>Revenue \$ 300,000 Expense \$ <u>524,315</u> Net \$ (224,315)</p> <p><u>FTE Staff: 4.25</u></p>	<p>The WSBA has 29 sections and provides the administrative functions necessary to support them. Direct staff time and expenses related to administering the sections are included in this cost center. This cost center also supports the indirect costs of developing 70 credit hours of 'Mini CLEs' for Sections in FY19. Sections partially reimburse WSBA for the cost of supporting sections through a charge of \$18.75 per member (shown as revenue in this cost center and as an expense on each section's financial statement). Expenses are the costs associated with the preparation and mailing of the annual section dues invoices, the collection of section dues, and staff-related expenses for supporting the sections. Overall direct expenses for the cost center in FY19 are reduced from FY18.</p>

<p>Technology</p> <p>Revenue \$ 0</p> <p>Expense \$ <u>1,540,222</u></p> <p>Net \$(1,540,222)</p> <p><u>FTE Staff: 12.10</u></p>	<p>This cost center includes the resources devoted to developing and maintaining WSBA's technology infrastructure and business applications. Expenses reflected here are solely for staffing (salaries, benefits, and overhead). Direct costs are allocated out to all cost centers through "Overhead" in the indirect expense allocation. Direct expenses are for hardware, software, and the ongoing maintenance necessary to support the WSBA's technology needs, data security and management, and disaster recovery work. Falling into these categories are application and database servers, network devices, switches and cabling equipment, workstations (desktops and laptops), printers, fax machines, telecommunications (phone switch and phone sets), and software. Software includes Microsoft Office products as well as other business applications (e.g., membership database, MCLE tracking system, Online Admissions software, Limited Practice Officer software, case management software, website management software, desktop publishing and graphics software, and accounting software).</p> <p>In FY19, consulting fees are reduced because more software application development work will occur in-house. The increase in third party services reflects the consolidation of subscription costs from other cost centers into the Technology cost center (telecast service costs from CLE and performance management system costs from HR).</p>
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CAPITAL BUDGET

The FY19 Capital Budget is \$152,100, and includes the cost of purchasing, refreshing and/or replacing outdated hardware and software as needed to protect data security and increase efficiency; as well as labor costs involved in in-house development, customization and/or upgrading to systems and projects. Capital costs depreciate over the product or program's useful life.

CLE FUND

The CLE Fund is a board-designated operating reserve, consisting of net income from CLE activities, to cover net loss and extraordinary costs of CLE programs, products and/or capital acquisitions as needed. Revenue sources include seminar registration fees and sales of recorded seminars, coursebooks, online subscriptions, and deskbooks. Expenses include indirect and direct costs incurred to produce those seminars and products.

In the FY19 budget, CLE expenses of \$1.8 million are supported by revenues of \$2.0 million, and planned increase of \$208,000 in reserves.

<p>CLE</p> <p>Revenue \$ 1,879,500 Expense \$ <u>1,544,573</u> Net \$ 334,927</p> <p><u>FTE Staff: 9.72</u></p>	<p>The CLE cost center includes revenues and costs associated with CLE seminars and products. Revenues include seminar registrations, sponsorships, online sales of coursebooks, and sales of recorded CLE seminars (both video and audio). Consistent with revenues, expenses reflect the cost of production of seminars and products. Revenue for live CLE participation continues to decline as revenue for recorded products continues to rise. Beginning in FY19 fiscal policy for sharing CLE revenue with Sections has changed. Under the new policy, Sections and WSBA CLE will split live and on-demand seminar revenue after actual direct and indirect costs have been recouped. This policy shift will increase the overall splits to Sections as compared to the former policy which was based on live revenue only. As in FY18, WSBA CLE continues to look for opportunities to decrease direct and indirect costs. In FY17, Deskbooks were included in this cost center; they are now accounted for separately in the Deskbooks cost center.</p>
<p>Deskbooks</p> <p>Revenue \$ 160,000 Expense \$ <u>286,693</u> Net \$ (126,693)</p> <p><u>FTE Staff: 2.05</u></p>	<p>WSBA publishes a library of 18 Deskbook titles in substantive areas of Washington law such as family law and real property, as well as civil procedure and ethics; these Deskbooks are intensively researched and edited authoritative treatises that have been cited in 250 Washington state and federal appellate court opinions. Included in the CLE cost center in FY17, this cost center includes revenues and expenses related to the development, publication, and sale of WSBA Deskbooks. Deskbook authors and editors are volunteers who are not paid for their contributions. Revenues are received from sales of Deskbooks (in print and online). Expenses include contract services for cite-checking, copyediting, creation of tables of authorities, indexing, and desktop publishing, as well as the costs of printing and binding.</p>

CLIENT PROTECTION FUND (CPF)

The Washington Supreme Court and WSBA created this legally restricted fund in 1995 to compensate persons who are the victims of the dishonest taking of, or failure to account for, client funds or property by a lawyer. It does not cover malpractice claims or fee disputes.

The CPF is funded exclusively from the mandatory assessment of \$30 on active members, house counsel, and pro hac vice admissions. All payments are discretionary and must be approved by the CPF Board or, in the case of payments over \$25,000, by the Board of Governors, who serves as the trustees of the Fund. The maximum amount that can be awarded on any claim is \$150,000. The Supreme Court approved amendments to the Admission and Practice Rules to change the name from the Lawyers' Fund for Client Protection to the Client Protection Fund, and to provide that the actions of LPOs and LLLTs will be included within the coverage provided by the LFCP, effective September 1, 2017.

In the FY19 budget, expenses of \$668,210 are supported by revenues of \$992,500, and planned increase of \$324,290 in reserves.

SECTIONS FUND

The Sections Fund is a board-designated fund created in 1994, which consists of the collective net income/loss of all 29 WSBA Sections that is carried over from year to year.

In the FY19 budget, expenses of \$841,737 are supported by \$541,590 in revenues, and planned use of \$300,147 in Section Fund reserves.

Sections Operations

Revenue \$ 541,590
Expense \$ 841,737
Net \$ (300,147)

FTE Staff: 0

Sections carry forward the results of their fiscal operations, whether positive or negative. The negative net balance this fiscal year reflects a planned draw-down by certain sections of their reserve balances. Revenues include section dues, the section portion of revenue from CLE seminars, interest income earned on their section balances, and other revenues. Expenses represent the direct expenses for section activities and reimbursement to the General Fund for the per member charge.

INDIRECT EXPENSES

<p>Indirect Expenses</p> <p>Revenue \$ 0</p> <p>Expense <u>\$19,330,595</u></p> <p>Net \$(19,330,595)</p>	<p>The Indirect Expenses cost center includes amounts budgeted for employee salaries, benefits, and overhead. Salary expenses are allocated to cost centers based on the actual salaries of employees working in those cost centers. Benefits are allocated to cost centers based on a percentage of salaries (for example, if one cost center has 10% of WSBA’s salary expense, it will be allocated 10% of the benefits expense).</p> <p>This cost center also details overhead expenses such as rent, telephone, insurance, professional fees, office supplies, postage, maintenance, human resources, technology direct expenses, and other expenses that benefit WSBA as a whole. These expenses are allocated to each cost center based on the number of FTEs (full time equivalents) in that cost center and are reflected on the line “Overhead” in each cost center budget.</p> <p><u>Salaries:</u> The budget for employee salaries has increased \$418,051 from FY2018, which consists of: (a) a 3% salary pool; (b) a net reduction of 0.4 FTE; and (c) \$15,000 for salary adjustments based on reclassifications of positions and any market adjustments.</p> <p><u>Allowance for Open Positions:</u> The budget includes a \$200,000 reduction of the overall salary budget to account for salary expense savings due to employee vacancies throughout the year.</p> <p><u>Benefits:</u> WSBA employees participate in the State of Washington medical and retirement programs; rates are set by the State.</p> <p><u>Rent:</u> Rent expense is for the WSBA offices at Puget Sound Plaza, with expected increases in operating expenses.</p> <p><u>Depreciation:</u> This expense consists of capital items for software, hardware, furniture, and leasehold improvements. The budget reflects a net increase of \$3,800 depreciation between these categories. It includes new capital budget items for: (1) Personify system enhancements, (2) Lawyer Opt-In Membership Directory, (3) unassigned software and hardware needs for FY19, (4) network infrastructure upgrades, and (5) copier replacement.</p> <p><u>Technology:</u> Increase in third party services of \$68,950, the majority of which previously resided in other cost centers but have been identified as having organization-wide benefits; and a net decrease in expenses of \$47,000 based on changes in project and supply needs.</p> <p><u>Capital Labor:</u> This is work performed by IT to develop various software projects. Capital labor decreased \$5,200 due to changes in project needs.</p>
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