



# WSBA

To: Board of Governors  
From: Budget and Audit Committee  
Re: Budget Recommendations  
Date: April 17, 2012

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**ACTION:** Approve the following recommendations which constitute the first steps in making the WSBA a more effective and efficient bar and closing the \$3.6 million annual budget gap. Time is of the essence. *Note: We will still be preparing a FY 2013 budget in the coming months; however it is important to make some decisions now to establish parameters for the next and more difficult phase of budget analysis.*

As a result of the member referendum to reduce license fees to \$325 for 2013 and 2014, the senior staff and Budget and Audit Committee have developed a “first round” of proposed budget cuts to help close the \$3.6 million drop in licensing revenue. The Budget & Audit Committee voted unanimously at its April 13, 2012, meeting to make the following recommendations to the Board of Governors for approval at the April BOG meeting. Approval of these items is not contingent upon the BOG discussion about mission and focus, and is required before the next phase of budget cuts can occur. The next phase of cuts will be guided by the discussion the BOG will have at its extended meeting on Saturday, April 28<sup>th</sup>, to decide whether WSBA’s mission will change as a result of the referendum decision.

## **Use of Reserves**

1. Use \$1 million of unrestricted reserves to offset expenses in FY 2013.
2. Use \$1 million of unrestricted reserves to offset expenses in FY 2014.

Total spend-down of reserves = \$2 million

Note: This use of reserves is balanced against understanding that we must move toward an amount for license fees in 2015 that does not require a significant increase in the license fee amount.

## **Phase One Budget Recommendations**

1. Explore moving *Bar News* online and eliminating the printed version. The goal would be to generate enough online advertising to cover staff costs (the current model is for advertising revenue to cover direct costs and license fees to cover staffing). Cost savings:

approximately \$387,000 (assuming 1/3 drop in advertising revenue, which needs more analysis to see if this is even feasible).

2. Modify policy on support of sections administration costs so that section per-member charge covers 100% of the cost. This elimination of subsidy would result in a higher per-member charge for sections, and thus an increase in most if not all section dues which currently range from \$15 to \$40 (preliminary estimate is a \$5.50-\$6.50 increase). Cost savings: approximately \$77,000.
3. Eliminate funding for positions on WSBA standing committees, boards, and task forces. This means that volunteer board/committee members will no longer be reimbursed for travel expenses including airfare, mileage, lodging, meals, etc. No meals or snacks will be provided as part of the meeting. Webcams could be provided to committee/board members to allow them to participate remotely. There would also be a scholarship fund established to assist those who would not otherwise be able to afford to participate, to ensure geographic, minority, and new lawyer diversity remains. The amount of the scholarship fund would be established through the budget process each year. Cost savings: approximately \$167,000. This new policy would apply to the following committees, boards, and task forces:
  - a. Judicial Recommendations Committee
  - b. Professionalism Committee
  - c. Committee for Diversity
  - d. Legislative Committee
  - e. Pro Bono and Legal Aid Committee
  - f. Amicus Brief Committee
  - g. Court Rules Committee
  - h. Rules of Professional Conduct Committee
  - i. Council on Public Defense
  - j. WA State Bar Foundation Board of Trustees
  - k. Access to Justice Board and ATJ Board Committees
  - l. Board of Bar Examiners
  - m. Character and Fitness Board
  - n. Limited Practice Board
  - o. Law Clerk Board
  - p. Practice of Law Board
  - q. MCLE Board
  - r. Disciplinary Board
  - s. Discipline Advisory Roundtable
  - t. BOG Committees and work groups (see #4 below)
  - u. All existing task forces and work groups including the ELC Task Force, APR Task Force, Escalating Costs of Civil Litigation Task Force, Civil Legal Needs Work Group, Local Rules Task Force, Immigration Advisory Opinion Work Group, Facilities Advisory Committee, JRC Review Committee and any other groups hereafter formed
4. Reduce Board of Governor costs by at least \$100,000. The discussion included the following ideas which shall be decided through the budget process:
  - a. Reduce BOG meeting costs by holding the majority (5) of BOG meetings in Seattle at WSBA facilities
  - b. BOG Conference policy – eliminate conferences for governors and reduce conferences for president and president-elect
  - c. No longer reimburse governors to attend BOG committees and liaison to other WSBA committees/boards
  - d. Make Annual Awards Dinner self-sustaining or eliminate

- e. Make 50-year lunch self-sustaining or eliminate
  - f. President's Dinner – eliminate
5. Transition the WYLD to a more effective and less costly model by eliminating the current “division” structure and replacing it with an unfunded WSBA standing committee. This committee would focus on connecting new lawyers around the state and be a mechanism for providing new lawyer perspectives on issues relevant to the Bar. This committee could also continue to advise on the New Lawyer Education seminars and other efforts that the YLD BOT has been coordinating with staff on. Cost savings: approximately \$153,000.
  6. Identify \$200,000 in staff-related expenses without compromising ability to retain necessary staff.
  7. Miscellaneous reductions:
    - a. Eliminate the Accommodation Fund which is budgeted each year but never used (note: the policy on paying accommodations for committee members would not change). Cost savings: \$500.
    - b. Eliminate votingforjudges.org contribution. Cost savings: \$5,000.
    - c. Eliminate funding for ABA Delegates (currently paid a \$800/year stipend to cover costs of attending ABA meetings). Cost savings: \$5,600.
  8. Move New Lawyer Education into CLE Seminars Budget. Note: this is not a structural change, but a change in how the program is funded (so it will no longer be funded by license fees).
  9. Eliminate the annual Access to Justice/Bar Leaders Conference as a WSBA event. If the ATJ Board can secure outside funding and staffing to continue the conference, it can choose to do it independently. However, no WSBA staff or resources will be used for the conference in the future. Cost savings: approximately 800 hours of staff time and \$10,000-\$20,000 currently coming out of the CLE Reserve Fund.
  10. Eliminate funding for the WSBA Leadership Institute. The WSBA could ask the Foundation Board of Trustees to advise on the sustainability of support for the WLI through outside funding in light of other programs for which the Foundation is raising money. Cost savings: approximately \$127,000.

Total estimated cost savings: \$1.3 million

### **Revenue-generating Ideas**

1. Charge members for subscription to Casemaker so that costs could be covered and it becomes revenue-neutral. Cost savings: \$48,000.
2. Ask the Supreme Court to increase the Pro Hac Vice fees. Additional revenue: TBD.

With the use of reserve funding and the initial proposed cuts, we need to find an additional \$1.3 million in reductions (assuming we can achieve the savings figures noted above). This total could be reduced by any possible new revenue sources, which have not been factored into these figures. Other ideas are also being explored to raise revenue for WSBA. Additional ideas will be brought forward to the Budget and Audit Committee when they are ripe for action.