

WASHINGTON STATE BAR ASSOCIATION

Budget & Audit Committee Meeting Agenda
July 10th, 2020
1:00pm – 5:00pm
Remote Meeting via Zoom

DISCUSSION/ACTION

1. Approval of June 22nd Meeting Minutes: Action
2. May 2020 Financial Statements:
 - a. Discussion COVID -19 Impacts to Date
3. Initial first read of the FY 2021 budget
4. Per Member Charge Recommendation
5. 2020 NCBP Virtual Annual Meeting
 - a. Amend current travel policy would or seek an exception from the BOG

MINUTES
WSBA Budget and Audit Committee
Various Remote Locations
Via Zoom
June 22nd, 2020

Attendance: All members attended via zoom. In virtual attendance were Bryn Peterson, Thomas McBride, Alec Stephens, Treasurer Dan Clark, Brian Tollefson, PJ Grabicki and Carla Higginson. Additionally attending were Nancy Hawkins representing Family Law. From the WSBA staff in virtual attendance were Interim Executive Director Terra Nevitt, Chief Financial Officer Jorge Perez, Director of Regulatory Services Jean McElroy, General Counsel Julie Shankland, Chief Disciplinary Counsel Doug Ende, Interim Director of Advancement Kevin Plachy, Chief Communications and Outreach Officer Sara Niegowski, and Elizabeth Wick Manager of Budget and Planning and.

Minutes pertaining to the Budget and Audit Committee meeting of May 13th were presented for approval. Governor Stephens presented a motion to approve the minutes the same was seconded by Governor Grabicki. A vote ensued on the motion, motion approved 7-0.

The second point of discussion was the impact of court decision as it relates to the bar exam. A discussion regarding refunds for exam participants ensued and it was concluded that existing refund policy will be followed. A motion to that effect was presented by Governor Higginson to move that the existing policy regarding refunds for bar exam payments be followed and that the refund calculation date be 60 days before the July 2020 bar exam. The motion was seconded by Treasurer Clark, the motion passed 6-1 Governor Grabicki was the sole dissenting vote.

FY 22 and FY 23 Membership Fee Discussion CFO Perez presented an elasticity analysis for proposed changes in license fees for 2022 and 2023. The analysis presented the financial impact of taking fees down between \$10.00 and \$30.00 dollars. Also discussed were proposed license fees for LLLT of \$229 for 2021 and \$240 for 2022. A motion asking Interim Director Nevitt and CFO Perez for reduced fee recommendations based on the elasticity analysis. The motion was presented by Governor Higginson and seconded by Governor Grabicki. The vote in favor of the motion was 7-0. Such analysis and recommendations from staff will be provided to the B & A Committee at a future meeting.

Governor Higginson shared her thoughts for having WSBA work towards a better understanding of the Core vs. Non-Core Functions of the Bar. A motion was presented by Governor Higginson and seconded by Governor Tollefson to form a subcommittee composed of Treasurer Clark, Governor Higginson and Governor Peterson to work with Interim Executive Director Nevitt and CFO Perez to bring to the August Budget and Audit Committee meeting an annotated chart showing the cost centers associated with each program, a description of each program, and preliminary survey questions. Motion passed 5-2 with Governor Grabicki and Governor Stephens voting against the motion.

A discussion for establishing a Stipend for the President of the BOG was continued from the May B & A Meeting. The Committee unanimously agreed that the political optics of potentially doing such an action would not be prudent at this time. Several committee members commented and it was ultimately agreed the topic should be taken up at a later time when the environment was more conducive to potentially

approve such a measure. A motion to table this agenda item indefinitely was made by Governor Grabicki and seconded by Governor Peterson, the ensuing vote was unanimous 7 – 0 to table the discussion.

CFO Perez presented the results of a historical analysis of interest income. While descriptive of the results the question on the table still remains as to; Why are the yields different by account? The question will be addressed in the next Budget and Audit Committee meeting.

Continued discussion of WSBA staff tracking of their time was discussed regarding the desired need for information to verify that FTE allocations in cost centers were accurate when dealing with staff that perform work for more than one (1) cost center. A motion was ultimately made and seconded which passed by a 5 to 2 vote of the Committee to require the creation of a system for tracking time of WSBA employees starting in FY 2021 regarding employees that are funded by more than one (1) cost center, such as the innovative license department staff. Governors Grabicki & Stephens voted against the motion.

Summary financial results for the month April were presented by CFO Perez. Results are on track to achieve the reforecast with the exception of Legal Fees which will be over the reforecast.

Adjournment

The meeting was adjourned by Treasurer Clark at 5:10 p.m.

Respectfully submitted,

Jorge Perez, Chief Financial Officer

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TO: WSBA Budget and Audit Committee

FROM: Jorge Perez, WSBA Chief Financial Officer
Kevin Plachy, WSBA Interim Director of Advancement
Julianne Unite, Member Services and Engagement Manager

DATE: July 8, 2020

RE: WSBA Section-Per-Member Charge for FY2021

RECOMMENDATIONS:

1. The WSBA Budget and Audit Committee recommend to the Board of Governors that the Section Per-Member-Charge (PMC) levied to the WSBA's 29 sections be approved at the estimated rate of \$18.62 for FY21.
2. If the estimated FY21 PMC rate changes to an amount over \$18.75, the WSBA Budget and Audit Committee recommend to the Board of Governors that the PMC levied to the WSBA's 29 sections remain at \$18.75.
3. The WSBA Budget and Audit Committee recommend to the Board of Governors a change in the PMC calculation to reflect a decrease in staffing from 3.08 FTEs to 2.68 FTEs allocated into the calculation. *NOTE: This is not a decrease in the overall support to Sections; which is unchanged. The staffing changes are explained in more detail below.*

SUMMARY:

The WSBA provides the administrative functions necessary to support WSBA's 29 sections. Most of the cost associated with supporting sections are found in the Sections Administration cost center. This cost center includes:

- Revenues: reimbursements from the section memberships through the PMC.
 - Traditionally, the PMC calculation includes 3.08 FTEs (direct staff support¹) and expenses related to administering the sections. The PMC is a Revenue item in this cost center and an expense item in each section's individual cost centers and financial statements.
- Direct Expenses: expenses include costs associated with the preparation and mailing of the annual section dues forms (included with the annual license renewal packets), the collection of section dues, and staff-related expenses for supporting the sections.
- Indirect Expenses: staffing and overhead. For FY20, 4.24 FTEs were allocated to this cost center.

¹ Historically, the PMC formula has included 3.08 FTEs. This includes 3.0 FTEs for the Sections Team (1.0, Manager and 2.0 Section Program Specialists) and .08 of Accounts Payable Bookkeeper in the Finance and Administration Department.

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Over the past year, the Advancement Department has restructured the staffing of the Sections Team as the Sections Program area was merged with the Member Services and Engagement Team under one Member Services and Engagement Manager. Given the merging of the team and the shift in responsibilities, direct staff support is reduced from 3.08 to 2.68. See chart below.

Per-Member Charge (PMC)	Current FTEs (FY20)		Recommended FTEs (FY21)	
		1.0	Sections Program Manager	.30
	2.0	Sections Program Specialists (two positions)	1.0	Sections Program Specialist
	.08	Bookkeeper (Accounts Payable)	1.0	Sections Program Coordinator
			.30	Member Services and Engagement Administrative Assistant
			.08	Bookkeeper (Accounts Payable)
	3.08	Total FTEs	2.68	Total FTEs

As a result of this reduction, the PMC for FY21 is estimated to be \$18.62 (based on 16,000 section members). We are recommending that the WSBA Budget and Audit Committee recommend approval of the estimated \$18.62 Per Member Charge to the WSBA Board of Governors.

Additionally as noted in the chart below, the 4.24 currently allocated to the Section Administration cost center (3.08 of which is included in the PMC calculation) have been allocated to more appropriate cost centers that better align with the bodies of work; therefore, the Sections Administration cost center for FY21 will align with the staffing costs calculated in the PMC. We believe this alignment will provide more clarity and transparency around how the organization supports sections.

Sections Administration Cost Center	Current FTEs (FY20)		FTEs (FY21)	
		1.0	Sections Program Manager	.30
	2.0	Sections Program Specialists (two positions)	1.0	Sections Program Specialist
	.08	Bookkeeper (Accounts Payable)	1.0	Sections Program Coordinator
	.89	WSBA CLE Staffing (multiple staff)	.08	Bookkeeper (Accounts Payable)
	.16	Finance and Administration staffing (multiple staff)	.30	Member Services and Engagement Administrative Assistant
	.11	Communications and Outreach staffing (multiple staff)		
	4.24	Total FTEs	2.68	Total FTEs