



# WSBA

To: Section Leaders

From: Anthony D. Gipe, Chair, on behalf of the Sections Policy Workgroup

Re: Phase 1 Report: Draft Sections Charter and Fiscal Policy

Date: December 30, 2015

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## EXECUTIVE SUMMARY

This memorandum will summarize the activities of the Sections Policy Workgroup, update section leaders on workgroup efforts, introduce first draft policy proposals, and invite section comment on the draft proposals.

The workgroup has been focused on reviewing section policies within the Washington State Bar Association (WSBA or Bar), with the goal of producing policies that meet the WSBA mission and goals, provide member benefits, and emphasize the health and fiscal responsibility of WSBA and its sections as a whole.

Many of the policies effecting WSBA sections have been created at different times and for different purposes. As a result, they have fostered inconsistent applications among sections, and inconsistencies with the WSBA general policies. Some of the policies under review have not been updated for years, or in some cases, decades. Other policies seem to reinforce an interpretation that sections are separate entities, which is inconsistent with their lack of independent legal status. The workgroup's review examined policy inconsistencies as well as the unnecessary administrative burdens they cause to both section leadership and WSBA staff.

The primary guiding principle for the workgroup has been to provide transparency in the process and to afford section members and leaders consistent access to workgroup materials. To this end, the workgroup is posting this memorandum and all accompanying materials on-line, and in directed emails to all section leaders. With the exception of the first proposed draft policies and the several charts comparing them to existing policies, the information provided with this memorandum is a summary of that provided in prior emails and posted on-line. The sections have also been provided opportunities for direct input into the process over the last three months, and will continue to have at least three additional opportunities to provide feedback on the draft policies before the Board of Governors takes final action.

Based on its consideration of the issues raised and input received, and as set forth more fully in this memorandum, the workgroup is recommending:

1. Adoption of a standard Sections Charter to replace individual section bylaws, in order to standardize section operations, including among other things, the amounts of section dues, designation of officers, election timing and process, and meeting procedures; and a change in the section membership year from fiscal to calendar year to fall in line with WSBA annual license renewals;
2. Revision of WSBA Bylaws to clarify the relationship between sections and the WSBA as a whole; and
3. Revision of WSBA Fiscal Policies related to sections, to clarify that general WSBA fiscal policies apply to sections, and to provide for the pooling of section revenues into a WSBA Sections Fund that will be prioritized for support of all sections, in order to ensure that all sections are able to provide consistent levels of support and services to their members.

Over the next two months, the workgroup will receive and address any input provided on the draft policy changes. The workgroup will then prepare a final set of recommendations to the Board of Governors for first reading to occur at the March 2016 BOG Meeting, with final action scheduled for the April 2016 BOG Meeting. Any changes implemented by the BOG would become effective for Fiscal Year 2017 budget process.

A detailed outline of the materials provided to sections to-date, and a schedule of opportunities for input in the next three to four months, are provided in this memorandum and in appendices. Any member seeking to provide input may do so by sending their written comments to the workgroup by January 22, 2016, to [sections@wsba.org](mailto:sections@wsba.org)

## **SECTIONS BACKGROUND**

The WSBA's mission is to serve the public and the members of the Bar, to ensure the integrity of the legal profession, and to champion justice. Sections exist as a part of WSBA, without separate or independent legal identity. They help advance our mission, and provide important benefits to WSBA members, by: carrying on the work of the Bar; engaging members in WSBA; providing an important conduit for communication with the membership; offering educational, networking and leadership opportunities to members with similar practices or interests; building statewide community; improving laws and legal process; and enhancing the quality of legal services.

In FY15, 10,342 of WSBA's 31,335 active members belonged to at least one of WSBA's 28 sections, which are based on practice areas or particular areas of focus.<sup>1</sup> Among all section members, 21% have been in practice for less than 5 years, 39% have been in practice between 5 and 20 years, and 40% have been in practice for more than 20 years. With respect to location, 56% work in King County, 16% on the peninsula and in southern Washington, 10% in central and eastern Washington, and 7% in northern Washington.

WSBA sections offer a range of member benefits, including: educational programming; receptions and networking forums; newsletters; new lawyer and law school outreach events; information about and opportunities for giving back to the legal community and the public; and legislative advocacy. WSBA

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<sup>1</sup> Total section memberships totaled 17,202; with section sizes ranging from 112-2,418 members.

highly values its sections and the opportunities they provide to members. Over and above dedicated CLE support, 44 staff across all WSBA departments support sections at an annual cost to WSBA of about \$700,000. WSBA currently recovers some of its costs through the annual per member charge (PMC) and through the CLE administrative fee; but WSBA has never recovered its full costs for section support.

Although sections have no independent legal status apart from WSBA, currently WSBA bylaws and policies appear to invite sections to relate to WSBA as separate legal entities. Unlike WSBA committees, councils, task forces and boards (which have charters), Article XI of the WSBA Bylaws requires each section to have bylaws patterned after the WSBA Bylaws. Under current WSBA fiscal policies, sections are unique in: (1) having their own fiscal policies, (2) having expectations of exclusive usage of revenues their activities generate, and (3) being allowed to build and carryover fund balances from year to year.

As a consequence, there are 28 unique sets of section bylaws, with varying membership requirements; officer positions, responsibilities, and terms; executive/other committee membership and other requirements; and election, notice and meeting provisions. Executive Committees range from 7-22 members. Member benefits also vary considerably. A key example is section educational opportunities: 4 sections offer multi-day conferences, 18 offer full or half day CLE seminars, and 19 offer mini-CLEs. Section finances also vary: each section sets its own dues (ranging from \$20-\$40); sections spend from 0% up to 60% of their budgets on member benefits and from 1% to 46% on their executive committees. At the end of FY15, the collective fund balance for all sections was over \$1.2 million; with individual section fund balances ranging from \$2,462 to \$120,154. Additional information about each WSBA section is posted on the [Sections Policy Workgroup page](http://www.wsba.org/About-WSBA/Governance/Sections-Policy-Work-Group): <http://www.wsba.org/About-WSBA/Governance/Sections-Policy-Work-Group>

Current WSBA Bylaws and section policies have also had an unintended consequence of impeding our effectiveness in working together for the good of all members. WSBA has fiduciary, legal and fiscal responsibility over the organization and all of its activities – which includes WSBA sections. Inconsistent understanding about the sections’ lack of independent legal status sometimes has led to mutually frustrating interactions between WSBA and some section executive committees.

## **WORKGROUP PROCESS AND DELIBERATIONS**

In July 2015, the Board of Governors voted unanimously to form a joint Board/staff workgroup to review current section policies, seek input from the sections and other stakeholders, prepare recommendations to the Board for any policy changes or amendments, and ensure adequate dissemination and publication of proposed changes for public comment on the following timeline:

**Phase 1:** Draft policies and circulate for comment by December 31, 2015.

**Phase 2:** Consider feedback and present final draft policies on first reading at the Board of Governors March 10-11, 2016 meeting.

**Phase 3:** Consider feedback and present final draft policies for action at the Board of Governors April 15-16, 2016 meeting.

The Board appointed Workgroup members in September 2015<sup>2</sup>. I provided an overview of the process to section leaders at the Fall Section Leaders Meeting. During Phase 1, the Workgroup met four times.

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<sup>2</sup> Past WSBA President Anthony D. Gipe, Chair; President-Elect Robin Haynes; Treasurer Karen Denise Wilson; Governors Phil Brady, Ann Danieli, Keith Black, James Doane and Sean Davis; and Chief Operations Officer Ann Holmes, General Counsel and

All of our meetings are public, and we provided all sections with advance notice. (*Appendix 1 identifies Workgroup communications with sections during Phase 1.*)

- 1. October 21 – inaugural all-day meeting:** After reviewing the Board’s directions, we discussed at length how sections provide an important benefit to WSBA members, how WSBA’s investment in sections advances our mission, and how we could work together more effectively. The Workgroup looked closely at existing policies and extensive reference materials about the sections (all published on the WSBA Sections Policy Workgroup Page); then examined the impacts (limiting and frequently inconsistent) that existing policies have on WSBA, the sections, and our respective members. We outlined a process to solicit information from all sections, developed a survey, and invited sections to attend a feedback forum in November (survey and notice of feedback session opportunities sent to section leaders and posted online). We also established these core principles to guide our work and recommendations:

#### **WSBA Sections Policy Workgroup Core Principles**

- We are a WSBA leadership team driven initiative to improve WSBA and its sections
- The overall health and mission of the whole is greater than any individual section
- It is critical to carry and stand by the same message
- All sections should offer core member benefits (educational, networking and leadership opportunities; and direct communication to members)
- Barriers to member participation in sections should be reduced
- Sections should have greater alignment with WSBA and its mission
- Greater consistency among sections will enable us to streamline support and advance the WSBA mission more effectively
- Collaboration among and between sections and WSBA strategic partners should be promoted
- Transparency and participation throughout the process is critical

- 2. November 5 – dedicated section feedback all-day meeting:** This meeting focused exclusively on section input, questions, and feedback. We reviewed survey feedback (29 responses from 16 sections<sup>3</sup>) about section member benefits, ways that WSBA can ensure that all section members receive high quality benefits, how WSBA should support 28 sections that serve over 10,000 members, and how each section meets WSBA’s mission. We then held three interactive 90 minute sessions (with 10 members from 9 sections<sup>4</sup>) to learn more about what is working well for section executive committees and members, and where there is room for improvement. We also considered section feedback and potential impact in policy areas identified for revision.

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Chief Regulatory Counsel Jean McElroy, Controller Tiffany Lynch, Interim Associate Director of Advancement Joy Williams, Sections Program Manager Paris Eriksen, Sections Liaison Julianne Unite and former Sections Lead Stacy Holmes.

<sup>3</sup> Sections that participated in the survey: Animal Law; Alternative Dispute Resolution; Business Law; Civil Rights Law; Criminal Law; Elder Law; Environmental and Land Use Law; Family Law; Intellectual Property; International Practice; Juvenile Law; Lesbian, Gay, Bi-Sexual and Transgender Law; Low Bono; Real Property, Probate & Trust; Senior Lawyers; and Solo & Small Practice.

<sup>4</sup> Sections that participated in a feedback session: Animal Law; Antitrust, Consumer protection & Unfair Business Practices; Civil Rights Law; Elder law; Environmental and Land Use Law; Family Law; Indian Law; Real Property, Probate & Trust; Senior Lawyers.

3. **November 19 – conference call meeting:** At this one hour meeting, we discussed the logistics of policy drafting and review; Workgroup communications; and Phase 2 opportunities for section feedback and input.
4. **December 8 – review of discussion drafts:** This all day meeting focused on review of discussion drafts of: (1) a standard WSBA Sections Charter to replace 28 differing section bylaws; (2) a chart comparing differences between existing section bylaws and the draft sections charter, with comments explaining the proposed revisions; (3) a revised fiscal policy that aligns sections with the rest of the WSBA, and creates greater benefits and more consistency for members across all sections by accounting for section revenues, expenses and fund balances collectively; and (4) a chart comparing differences between existing and proposed section fiscal policies, with comments explaining the proposed revisions. Each of the documents was considered in light of the Core Principles set forth above. Following consideration of the drafts (*discussed below*), the Workgroup mapped out its work in Phase 2, including additional opportunities for section input.

### **DISCUSSION DRAFT: STANDARD SECTIONS CHARTER (APPENDICES 2A and 2B)**

In lieu of 28 unique sets of bylaws<sup>5</sup>, the Workgroup recommends a standard Sections Charter (Charter) that will apply to all sections. This change will result in greater consistency among sections and far greater ease in administration of the sections, which in turn should help WSBA to contain administrative costs for sections and to provide different types of administrative support for sections. Below is a summary of the Workgroup’s recommendations. The Charter, and a chart comparing it to current section bylaws, are set forth in *Appendices 2A and 2B*, respectively.

- **Section I: Formation and Purpose**

The Charter links the sections’ purpose with WSBA’s mission, underscores the important benefits sections provide to WSBA members, states that sections have no independent legal status, and acknowledges that sections are subject to WSBA Bylaws, policies and procedures. These provisions will promote greater consistency, enabling section leaders and WSBA to focus more on member benefits than compliance with unique sets of governance requirements. Clarifying that sections are part of WSBA is important to minimize any confusion or frustration arising from a mistaken understanding that sections have independent legal authority.

- **Section II: Dues and Membership**

In lieu of dues and membership criteria that are set by and differ among the 28 sections, the Charter establishes that WSBA will set annual dues that will be the same for all sections, and defines broad criteria for Voting and Subscriber section memberships. These recommendations are expected to reduce barriers to section membership.

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<sup>5</sup> All Section charters are included in reference materials posted on the [Workgroup Webpage](http://www.wsba.org/About-WSBA/Governance/Sections-Policy-Work-Group): <http://www.wsba.org/About-WSBA/Governance/Sections-Policy-Work-Group>

- **Section III: Officers; Duties of Officers**

Currently, officers, their terms, duties and eligibility criteria vary by section. Under the Charter, each section has three officers: a Chair, Chair-elect, and Secretary/Treasurer. Leadership continuity is furthered because the Secretary/Treasurer will serve as Chair-elect in the year following service as Secretary-Treasurer, and as Chair in the year following service as Chair-elect. Standardized Secretary/Treasurer duties include taking and providing transcribed minutes to WSBA staff within two weeks of a section meeting; working with WSBA staff to ensure section compliance with WSBA fiscal policies and procedures and to prepare section budget for next fiscal year; reviewing section financial statements; and keeping in touch with WSBA staff with any questions or concerns. Standard officer positions and responsibilities free up Executive Committee and WSBA staff time to pursue and support substantive section activities. Clear expectations of the Secretary/Treasurer with regard to minutes will promote more consistent and timely communication to section members than is currently the case.

- **Section IV: Executive Committee**

Section leadership committee names, sizes and terms vary among the sections. Under the Charter, membership for all Executive Committees consists of: (1) the three section officers, (2) the immediate past Chair, and (3) up to 11 members representing a balance of perspective among the section membership (up to 15 total). Executive Committee members serve three year staggered terms; for no more than six consecutive years. Vacancies are filled by the Chair, in consultation with existing Executive Committee members. Any Executive Committee member may be removed by a majority vote of the Executive Committee as long as removal is in the best interests of the section membership and is consistent with WSBA Bylaws. Simplifying these terms frees up Executive Committee and WSBA staff time to pursue and support substantive section activities.

- **Section V: Other Committees**

Some existing section bylaws are silent about, while others prescribe, additional section committees that may be needed to advance section work. The Charter leaves this to the discretion of the Executive Committee.

- **Section VI: Meetings**

Here as well, notice and other meeting requirements vary among sections. The Charter enables the Executive Committee to meet at a meeting duly called, or by voice or electronic poll of each Executive Committee member, as long as voting is conducted in an open and public manner consistent with WSBA Bylaws and records are made available consistent with GR 12.4. Notice may be given electronically, and must be given at least five (5) working days prior to the meeting to section members and WSBA staff. WSBA staff may be present at any meeting of the Section, its Executive Committee, and any other committees. Action of the Executive Committee is by majority vote of a majority of Executive Committee members; action of the section is by majority vote of Voting members present at the section meeting. Standard meeting and notice requirements are expected to increase member and WSBA awareness of section leadership activity than is currently the case, and will help promote administrative efficiency.

- **Section VII: Elections**

Currently, terms, nomination processes, notice methods, ballot types, and timelines vary widely across 28 sections. The Charter sets standard election requirements and annual timelines; with nominations provided to WSBA by July 31 and elections by electronic ballot occurring by August 31. This timeframe enables sufficient time for orientation of new section leadership. Standard election

requirements help focus Executive Committee activity on member benefits and increase administrative efficiency; as well as free up WSBA staff time to support substantive section activities.

- **Section VIII: WSBA Submissions**

As part of WSBA, the sections should comply with WSBA deadlines, including those related to work plan and budget submissions, annual reports, and elections. By including this as an affirmative obligation, it is expected that more staff time will be available to devote more time to support section substantive activities.

These recommendations require changes to WSBA Bylaws, which are currently being addressed by the Board's Bylaws Workgroup. If the Board approves these policies in April, the Bylaws Workgroup will provide the proposed Bylaw changes for Board approval on or before September 2016.

### **DISCUSSION DRAFT: REVISED SECTIONS FISCAL POLICY (APPENDICES 3A, 3B and 3C)**

Current fiscal policies promote the mistaken perception that sections are independent of WSBA. Although part of WSBA, sections operate under a different set of fiscal standards than any other part of the organization. Under current policies, each section may use, accumulate and roll over its own funds from year to year for its own purposes; and are exempt from many expense requirements set forth in the WSBA Fiscal Policies and Procedures. Under this paradigm, member benefits and operational expenses vary greatly across the sections based on their resources and grandfathered exceptions to WSBA policy. The Workgroup recommends that sections comply with WSBA fiscal policies, that section spending be structured to maximize benefits to members and further greater alignment with WSBA and its mission, and that WSBA should pool, administer and hold in reserve section funds to enable all sections, regardless of their size, to offer core member benefits such as educational programming, networking and leadership opportunities. Set forth below is an overview of the Workgroup's fiscal policy recommendations. The current Section Fiscal Policy, draft revised Section Fiscal Policy (Suggested Revised Fiscal Policy) and a chart comparing the two are attached as *Appendices 3A, 3B and 3C*, respectively.

- **Relationship to WSBA**

Current Policy

The current policy is silent about the sections' relationship as part of WSBA, and supports an interpretation that sections operate independently of WSBA.

Suggested Revised Fiscal Policy

The Suggested Revised Fiscal Policy opening paragraph mirrors language in the Charter about how sections exist to benefit the WSBA, section members and their clients and the general public; and that they have no separate or independent legal identity. The introduction also clarifies that sections are subject to all WSBA policies and procedures, including but not limited to the WSBA Fiscal Policies and Procedures<sup>6</sup>.

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<sup>6</sup> The WSBA Budget & Audit Committee will be reviewing and recommending revisions to the expense and reserve fund policies set forth in the WSBA Fiscal Policies and Procedures.

- **Section Finances**

This section of the Suggested Revised Fiscal Policy is substantially similar to the current policy. WSBA and its sections all have the same fiscal year. Executive committees would continue to work with WSBA staff to develop their budgets, which the Board of Governors approves as part of the WSBA budget. Executive committees also would continue to review monthly financial statements for accuracy.

- **WSBA Sections Fund**

- Current Policy

Each section operates as a fiscal “island”, carrying a fund balance from year to year, which provides cushion for unexpected revenue shortfall, unexpected expense, future events that do not occur annually, and the ability to take advantage of unforeseen unique opportunities. Individual fund balances are expected to be enough to sustain a consistent level of programming in the event of severe fluctuations in membership (about six months’ worth of direct programming expenses). In the event of excess funds, section leaders are encouraged to “spend down” their balances. All WSBA section members would benefit from educational programming, networking and leadership opportunities. However, under this policy regime, member benefits are offered based on a given section’s financial means. With individual fund balances ranging from \$2,462 to \$120,154, those benefits vary considerably among sections.

- Suggested Revised Fiscal Policy

Under the Suggested Revised Fiscal Policy, individual section funds would not carry over from year to year, but would be pooled and administered centrally as the WSBA Sections Fund, and prioritized for support of the activities of all sections. This approach furthers the Workgroup’s core principles that the overall health and mission of the whole is greater than any individual section, and that all sections should offer core member benefits (educational opportunities, networking opportunities, direct communication to members, and leadership opportunities).

- **Member Dues**

- Current Policy

Section Executive Committees recommend their membership dues, which are reviewed and approved by the WSBA Budget & Audit Committee (in FY16, dues range from \$20-\$40). Although member dues are collected and allocated to each section as part of the WSBA member license year process (January 1 through December 31), the section membership year runs from October 1 through September 30. WSBA collects a Per-Member Charge from sections as members sign up and pay dues, to cover a portion but not the full cost of WSBA’s administrative support to sections.

- Suggested Revised Fiscal Policy

Under the Suggested Revised Fiscal Policy, the WSBA Budget & Audit Committee would set the same section member dues (and a reduced fee for law students) for all sections as part of the annual budget process. The section membership year would be the same as the WSBA membership year – January 1 to December 31, which would allow members to realize more of a full year’s benefit from their section membership(s) and significantly reduce member confusion. WSBA is uniquely situated to set dues at a level that will support and sustain section activities as a whole. Administrative support cost calculations would continue to exist; however each individual section would not be charged a specific Per-Member Charge. Instead, the total administrative support costs would be covered by a portion of all section member dues. Doing so (1) frees up Executive Committees to

focus on substantive section activities; and (2) for members, eliminates cost as a factor in joining one section rather than another.

- **Annual budget process**

- Current Policy

- Sections prepare their budgets, which the WSBA Budget & Audit Committee recommends and the Board of Governors approves as part of the annual WSBA budget. Budgeted section expenses include the direct cost of activities and the Per-Member Charge. Budgeted revenues include member dues, expected revenues from educational programs and section activities, and interest earned on the Sections Fund balance.

- Suggested Revised Fiscal Policy

- Under the Suggested Revised Fiscal Policy, the WSBA Budget & Audit Committee would continue to recommend, and the Board would continue to approve, section budgets as part of the WSBA budget. However, the budget development process would be revised to encourage substantive planning that advances WSBA's mission, maximizes benefits to members, promotes collaboration among sections, and engenders consistency among section spending patterns. The process would begin with the section's submission of an annual work plan to identify its proposed activities for the coming year. Once WSBA staff review and approve the work plan, the section's Executive Committee would develop its budget request to support the plan. WSBA would centrally account for and administer membership revenue and indirect costs. Budgeted section expenses would continue to include the direct cost of activities; with operational expenses (including but not limited to Executive/other committee/subcommittee meals, travel, meeting and other expenses) capped at no more than 25% of a section's expense budget. Budgeted revenues would consist of funds expected to come from educational programs or other activities set forth in annual work plan.

- **Funding outside of budget process**

- Current Policy

- Over-budget expenses escalate to the WSBA COO and Treasurer, depending on amount of over-expenditure.

- Suggested Revised Fiscal Policy

- Sections would be expected to work within budget (as are all parts of WSBA). They also would have the opportunity to request funds outside of the budget process to support member-focused activities that arise after the annual budget process. The WSBA Controller, in consultation with the COO and Treasurer, would review written requests for additional funding and notify the section Executive Committee of any action on the funding request.

- **Educational Programs**

- Current Policy

- Sections may put on Mini-CLEs (with many grandfathered exceptions about what constitutes a Mini-CLE). Only sections with sufficient resources or fund balances may put on half or full day seminars and full or multi-day conferences (even if budgeted to a loss). Sections and WSBA split profits and losses 50-50 unless grandfathered (Plan A or B). WSBA charges a percentage of gross revenues from the seminar as an administrative fee, which is intended as proxy to cover costs to support seminars and conferences. Under this system, WSBA – not the sections – has covered losses. As the Board of Governors reviewed last year, WSBA CLE reserves have been depleted as section reserves overall

have grown significantly over the last five years. The current system fosters a win-lose dynamic with each section, greatly varies member opportunities among sections, and is not sustainable for WSBA.

#### Suggested Revised Fiscal Policy

The Suggested Revised Fiscal Policy would introduce several significant changes. First, it would imbed very important WSBA requirements related to diversity, inclusion and access to justice, by requiring sections to pursue faculty recruitment strategies that maintain and enhance the pool and diversity of CLE faculty, and to ensure that their educational programs advance existing WSBA policies in these areas. Second, it would expressly allow sections to put on high quality conferences, seminars and Mini-CLEs with WSBA or with third parties approved by WSBA and on terms approved by WSBA. Standard eligibility criteria for third parties and partnership terms should open up opportunities in a way that would minimize section frustrations and reasonably protect WSBA legal rights. Third, as part of annual planning/budgeting process, all sections would be able to propose beneficial programs, as the financial outcome of the program is no longer directly linked to the individual section's financial resources. WSBA staff would work with Executive Committees to determine whether a proposed program is likely to result in profit or loss, or break even. While it is a goal for all programs to at least pay for themselves, programs deemed to be in best interest of WSBA and its members, the section, and the public could also be supported by the WSBA Sections Fund. Fourth, when a section put on a conference or seminar with WSBA: (a) WSBA would determine the administrative costs for programming in conjunction with the budgeting process; and (b) once all program revenues and expenses were posted, WSBA would inform the section of the program's financial results. The CLE administrative fee concept would be altered to capture the true costs of CLE staffing support (no longer a percentage of gross revenue). For all conferences and seminars, whether the section was to work with WSBA or a third party, profits and losses would be booked to the WSBA Sections Fund.

- **Personal liability.**

The Current and Suggested Revised Fiscal Policy both reference WSBA Bylaws, which state that personal liability will and would be incurred in the event of expenses in excess of funds budgeted or approved outside of the annual budget process, or expenses incurred not in accordance with the policies of the Board of Governors or in conflict with any part of the WSBA Bylaws.

If the Board of Governors approves these fiscal policy changes in April, the revised policies will apply immediately thereafter with the opening of the FY17 budget development process.

### **PHASES 2 AND 3 FEEDBACK REQUEST AND OPPORTUNITIES**

On behalf of the workgroup, I want to thank you all for feedback provided in Phase 1, and in advance, for your thoughtful consideration of and feedback on the discussion draft Sections Charter and Sections Fiscal Policy. We believe that these recommendations will strengthen the health and mission of the whole, create greater alignment with WSBA and its mission, promote greater consistency and collaboration among sections, and reduce barriers to member participation in sections; and ultimately, help advance our mission to serve the public and members of the Bar, to ensure the integrity of the legal profession, and to champion justice.

Every section's perspective is welcome and important, and will be considered throughout the process. I encourage you to review the section reference materials on the [Workgroup Webpage](#) to better

understand other sections, as well as WSBA’s responsibility for the overall health and mission of the whole. (<http://www.wsba.org/About-WSBA/Governance/Sections-Policy-Work-Group>)

Here are upcoming feedback opportunities and important dates in Phases 2 and 3; section leader deadlines are indicated in **RED**:

DATE	EVENT
<b>January 19:</b>	Workgroup meeting (by telephone conference) to review section feedback to date
<b>January 22:</b>	Written feedback due from section leaders. Please submit written feedback to the Sections Policy Workgroup via email to: <a href="mailto:Sections@wsba.org">Sections@wsba.org</a> .
<b>January 28:</b>	Workgroup informational update included in BOG public materials
<b>February 4:</b>	Section Leaders Meeting at WSBA Conference Center (and webcast) to discuss drafts and hear additional feedback (more details to follow)
<b>February 19:</b>	Workgroup meeting to consider and incorporate section feedback as appropriate
<b>March 10-11:</b>	Board of Governors considers Workgroup recommendations on first reading
<b>April 15-16:</b>	Board of Governors action on Workgroup recommendations

## APPENDICES

- 1 Summary of Sections Policy Workgroup Communications with Sections**
- 2A 12.30.15 Discussion Draft Sections Charter**
- 2B Comparison of Current Bylaws and 12.30.15 Discussion Draft Charter**
- 3A Current Section Fiscal Policy**
- 3B 12.30.15 Discussion Draft Sections Fiscal Policy**
- 3C Comparison of Current and 12.30.15 Discussion Draft Sections Fiscal Policy**



**APPENDIX 1 :**  
**SUMMARY OF SECTIONS POLICY WORKGROUP**  
**COMMUNICATIONS WITH SECTIONS**

MONTH	DATE	COMMUNICATION
<b>Phase 1: September 2015 through December 2015</b>		
<b>SEPTEMBER</b>	17-18	<ul style="list-style-type: none"> <li>Public materials for Board of Governors consideration: memo from Workgroup Chair Anthony Gipe re Appointment of Sections Policy Workgroup</li> </ul>
	28	<ul style="list-style-type: none"> <li>Email from Sections Team to Section Leaders Listserve providing overview of Workgroup and list of Workgroup Members</li> </ul>
	30	<ul style="list-style-type: none"> <li>Email from Workgroup member Governor James Doane to Section Leaders Listserve providing more information about Workgroup’s role and purpose (in response to comments on listserv after 09/28 email from staff team)</li> </ul>
<b>OCTOBER</b>	14	<ul style="list-style-type: none"> <li>Fall Leaders Meeting (14 of 28 Sections represented at meeting either in-person or via webcast): Workgroup Chair Anthony Gipe and President Hyslop shared information about Workgroup:               <ul style="list-style-type: none"> <li>Purpose: review current policies related to WSBA sections, seek input from the sections and other stakeholders, and recommend any policy changes or amendments to Board</li> <li>Timeline: Oct-Dec: review data, gather input, prepare and publish recommendations; Jan-March: solicit and consider comments on recommendations, prepare final drafts for BOG consideration on first reading at 3/10-11 meeting; March-April: incorporate BOG feedback, present for BOG adoption at 4/15-16 meeting</li> <li>Meetings: all public, so anyone can attend and observe; first meeting 10/21; all meeting dates to be published on website, with notice sent to section leaders listserv if time/format changes</li> <li>Opportunities for input/feedback: 11/05 Workgroup Meeting; comment on drafts before March 2016 BOG meeting; input provided to BOG Liaisons; attendance at BOG meetings</li> <li>Comments invited from attendees</li> </ul> </li> </ul>
	21	<ul style="list-style-type: none"> <li>First Workgroup meeting (in person &amp; conference call; no section attended)</li> </ul>
	23	<ul style="list-style-type: none"> <li>Sections Policy Workgroup Public Webpage (Webpage): published and maintained as part of <a href="http://www.WSBA.org">www.WSBA.org</a> website; includes list of meeting dates and section reference materials provided to Workgroup members. Periodically supplemented with meeting agendas and updated section data as it becomes available</li> <li>Section survey published on Webpage, with response deadline of 11/03</li> <li>Email sent to Section Leaders listserv inviting responses to survey; providing summary of different feedback channels; indicating email invite for 11/05 feedback sessions being sent to Chairs; and providing link to Webpage</li> <li>Email to Section Chairs inviting them to attend (or send designee) one of three Workgroup feedback sessions held on 11/05; included link to Webpage.</li> </ul>
	29	<ul style="list-style-type: none"> <li>Reminder email to Section Chairs re: RSVP for 11/05 Feedback Sessions</li> <li>Reminder email to Section Leaders listserv re: Survey deadline; included original survey email sent 10/23</li> </ul>



**APPENDIX 1 :  
SUMMARY OF SECTIONS POLICY WORKGROUP  
COMMUNICATIONS WITH SECTIONS**

<b>MONTH</b>	<b>DATE</b>	<b>COMMUNICATION</b>
<b>NOVEMBER</b>	3	<ul style="list-style-type: none"> <li>29 survey responses received from 16 sections (Animal Law; Alternative Dispute Resolution; Business Law; Civil Rights Law; Criminal Law; Elder Law; Environmental and Land Use Law; Family Law; Intellectual Property; International Practice; Juvenile Law; Lesbian, Gay, Bi-Sexual and Transgender Law; Low Bono; Real Property, Probate &amp; Trust; Senior Lawyers; and Solo &amp; Small Practice)</li> </ul>
	5	<ul style="list-style-type: none"> <li>Second Workgroup meeting (in person and conference call): 10 members from 9 sections participated (Animal Law; Antitrust, Consumer protection &amp; Unfair Business Practices; Civil Rights Law; Elder law; Environmental and Land Use Law; Family Law; Indian Law; Real Property, Probate &amp; Trust; Senior Lawyers)</li> </ul>
	17	<ul style="list-style-type: none"> <li>Notice to Section Leaders listserv regarding format change to 11/19 meeting (from full day meeting to one hour conference call); provided link to Webpage</li> </ul>
	19	<ul style="list-style-type: none"> <li>Third Workgroup meeting (in person and conference call): one section representative attended (Environmental and Land Use Law)</li> </ul>
<b>DECEMBER</b>	7	<ul style="list-style-type: none"> <li>Reminder notice to Section Leaders listserv regarding meeting on 12/08 having remote access availability and providing link to webpage.</li> </ul>
	8	<ul style="list-style-type: none"> <li>Fourth Workgroup meeting (in--person, conference call &amp; remote screen sharing) Three section leaders asked for information to attend; only one called-in to the meeting (Environmental and Land Use Law)</li> </ul>
<b>Phase 2: January 2016 through March 11, 2016 (Board of Governors Meeting)</b>		
To be updated		
<b>Phase 3: March 12, 2016 through April 16, 2016 (Board of Governors Meeting)</b>		
To be updated		

## APPENDIX 2A

### WSBA SECTIONS POLICY WORKGROUP: 12.30.15 DISCUSSION DRAFT SECTIONS CHARTER

#### WASHINGTON STATE BAR ASSOCIATION SECTIONS CHARTER

*(As last amended and approved by the Washington State Bar Association Board of Governors on [date]).*

##### I. Formation and Purpose

WSBA Sections are established under the Bylaws of the Washington State Bar Association (WSBA) in order to benefit the WSBA, WSBA section members and their clients, and the general public by:

- A. Providing communities for lawyers and others interested in particular areas of focus, to increase knowledge, networks, and resources;
- B. Assisting in the activities, functions and work of the WSBA; and
- C. Furthering the interests of the WSBA and the legal profession as a whole.

The Sections exist as a part of WSBA and provide an important benefit to WSBA members. They do not have a separate or independent legal identity from the WSBA, and are subject to WSBA Bylaws, policies and procedures. The fiscal year of the Sections shall coincide with that of the WSBA's fiscal year, and the principal office and business address of the Sections shall be the offices of the WSBA.

##### II. Dues and Membership

WSBA shall set annual Section dues, including reduced dues for law students, which shall be the same for all Sections. The Sections shall have Voting and Subscriber members. The following WSBA members may be enrolled as Voting members upon request and payment of Section dues, as long as they are in good standing: (1) active members, (2) members specially admitted for educational purposes under APR 8(d), (3) Emeritus Pro Bono members under APR 8(e), House Counsel admitted under APR 8(f), and Military Lawyers admitted under APR 8(g). Voting members are eligible to hold elective office in the Section. Other persons, including but not limited to law students, may be enrolled as Subscriber members upon request and payment of Section dues. Subscriber members are not eligible to vote or hold elective office in the Section.

##### III. Officers; Duties of Officers

The officers of the Section are the Chair, Chair-elect, and Secretary/Treasurer, whose duties are described below. Each officer shall serve for a one year term, to start and end in conjunction with the WSBA's fiscal year. Officers must be Voting members, and active in the Section, for their entire term of office. In order to promote continuity in Section operations, the previous year's Chair-elect shall become the Chair for the next year and the Secretary/Treasurer shall become Chair-elect.

**A. Chair.** The Chair will preside at all meetings of the Section and the Executive Committee, and will have such other executive powers and perform such other duties as are not inconsistent with this Charter and the Bylaws of the WSBA.

**B. Chair-elect.** The Chair-elect will perform all duties of the Chair during the Chair's absence or inability to act and, when so acting, shall have all the powers of, and be subject to all the restrictions

## APPENDIX 2A

### WSBA SECTIONS POLICY WORKGROUP: 12.30.15 DISCUSSION DRAFT SECTIONS CHARTER

upon, the Chair. The Chair-elect will have such other powers and perform such other duties not inconsistent with this Charter as, from time to time, may be prescribed by the Chair or the Executive Committee.

**C. Secretary/Treasurer.** The Secretary/Treasurer will take minutes at each meeting of the Section and the Executive Committee, and provide transcribed minutes to WSBA staff within two weeks of such meeting for publication to WSBA Section members and for WSBA record-keeping. The Secretary/Treasurer will also: work with WSBA staff to ensure that the Section complies with WSBA fiscal policies and procedures; work with WSBA staff to prepare the Section's budget for the next fiscal year; review the Section's financial statements for accuracy and comparison to budget; and contact WSBA staff with any questions or concerns.

#### IV. Executive Committee

**A. Composition.** There will be a Section Executive Committee comprised of the officers of the Section, the immediate past Chair of the Section, and up to eleven (11) members of the Section who shall represent a balance of perspectives among the Section's membership. All Executive Committee members must be Voting members, and active in the Section, for their entire term of service on the Executive Committee. The Executive Committee shall direct the affairs of the Section, subject to and in accordance with this Charter and the WSBA Bylaws, policies and procedures. Except as otherwise expressly set forth herein, the Executive Committee is empowered to act on behalf of the Section unless it chooses to take a vote of the full Section membership.

**B. Terms.** The terms of the officers and immediate past Chair of the Section shall be one year, co-incident with their term of office. Non-officer Executive Committee members shall serve three year staggered terms. No Executive Committee member shall serve more than six consecutive years as a member of the Executive Committee, unless the term of office for an officer extends the term on the Executive Committee beyond the sixth year.

**C. Vacancies.** The Chair, in consultation with existing members of the Executive Committee, will appoint Voting members to fill vacancies on the Executive Committee. When a member is appointed to fill a vacancy in an unexpired term, he/she may complete the term and is eligible to serve one additional full three year term.

**D. Removal.** Any member of the Executive Committee may be removed by a majority vote of the Executive Committee whenever in its judgment, the best interests of the Section membership would be served thereby; provided, that removal shall be consistent with WSBA Bylaws.

#### V. Other Committees

The Executive Committee may create other committees pursuant to this provision, as necessary to further the purposes of this Section. Committees, committee chairs, and committee members serve at the discretion of the Executive Committee.

## APPENDIX 2A

### WSBA SECTIONS POLICY WORKGROUP: 12.30.15 DISCUSSION DRAFT SECTIONS CHARTER

#### VI. Meetings

**A. Section Membership.** Meetings of the Section membership may be called by the Chair or by a majority of the members of the Executive Committee.

**B. Executive Committee.** Meetings of the Executive Committee may be called by the Chair or by a majority of the members of the Executive Committee. The Executive Committee may act at a meeting duly called or by a voice or electronic poll of each member of the Executive Committee, so long as the voting that occurs is conducted in an open and public manner consistent with the WSBA Bylaws and records made available consistent with GR 12.4.

**C. Notice.** Notice of the time and place of all meetings shall be given to all members of this Section and WSBA staff at least five (5) working days prior to the meeting. Notice may be given electronically. All Section meetings, and all Executive Committee meetings, must be conducted as open and public meetings in accordance with the WSBA Bylaws. WSBA staff may be present at any meeting of the Section, its Executive Committee, or its other committees.

**D. Action.** Unless otherwise specified in WSBA Bylaws: (1) action of the Executive Committee shall be by majority vote of a majority of the Executive Committee members; and (2) action of the Section shall be by majority vote of the Voting members of a section present at a section meeting.

#### VII. Elections

Annually, the voting members of the Section shall elect: (1) the Secretary/Treasurer; (2) if there is no Chair-elect at the time, the Chair-elect; and (3) Executive Committee positions whose terms are expiring. Candidates for these offices may be self-nominated or nominated by a Nominating Committee consisting of three Section members appointed annually by the Executive Committee for this purpose. Each year, the Executive Committee must receive nominations and notify WSBA staff of the candidates by July 31; elections will take place by August 31. WSBA staff will administer the election process and certify results. Candidates for uncontested positions will be considered elected by acclamation. Terms will begin October 1.

#### VIII. WSBA Submissions

The Section, through its Executive Committee, will comply with WSBA deadlines, including those related to work plan and budget submissions, annual reports, and elections.

**APPENDIX 2B: WSBA SECTIONS POLICY WORKGROUP – COMPARISON OF CURRENT BYLAWS AND 12.30.15 DISCUSSION DRAFT CHARTER**

	<b>Current Sections Bylaws</b>	<b>12.11.15 Discussion Draft Charter</b>	<b>Workgroup Comments</b>
<b>Form</b>	<ul style="list-style-type: none"> <li>Each section has its own form of bylaws, which are approved and amended by WSBA Board of Governors</li> </ul>	<ul style="list-style-type: none"> <li>The WSBA BOG-approved standard Sections Charter applies to all sections</li> </ul>	<ul style="list-style-type: none"> <li>One of the Workgroup’s core principles is for greater consistency among sections. This will enable section leaders to focus more on member benefits and less on ensuring compliance with a unique set of bylaws. Standardization will also enable us to streamline support and advance the WSBA mission more effectively.</li> </ul>
<b>Purpose</b>	<ul style="list-style-type: none"> <li>Varies; a few section Bylaws link their work to WSBA mission; many do not</li> </ul>	<p>Section I.</p> <ul style="list-style-type: none"> <li>Defines sections’ purpose in terms of benefits to section members and their clients, providing assistance to WSBA, and supporting WSBA and legal profession as a whole</li> </ul>	<ul style="list-style-type: none"> <li>In furtherance of the Workgroup’s core principle that sections should have greater alignment with WSBA and its mission, the Charter expressly links the sections’ purpose to WSBA’s mission</li> </ul>
<b>Relationship to WSBA</b>	<ul style="list-style-type: none"> <li>Varies; some Bylaws make no reference to relationship with WSBA; others state that section is subject to WA law and WSBA bylaws (no reference to WSBA policies or procedures)</li> </ul>	<p>Section I.</p> <ul style="list-style-type: none"> <li>Underscores sections as important touchpoint with WSBA members, and identifies sections as part of WSBA, subject to WSBA Bylaws, policies and procedures</li> </ul>	<ul style="list-style-type: none"> <li>Sections have no independent legal status, yet currently WSBA bylaws and policies invite them to relate to WSBA as separate legal entities.</li> <li>Inconsistent understanding about section status sometimes leads to mutually frustrating interactions between WSBA and some section Exec Committees.</li> <li>WSBA has fiduciary, legal and fiscal responsibility over section activities, which must be considered whenever section Exec Committees act.</li> <li>The Charter clarifies this by stating that sections exist as part of WSBA, have no independent legal status, and are subject to WSBA Bylaws, policies and procedures.</li> </ul>
<b>Dues &amp; Membership</b>	<ul style="list-style-type: none"> <li>Varies. Currently, Exec Committees propose section dues, which are reviewed and approved by the WSBA Budget &amp; Audit Committee.</li> <li>Some bylaws identify that the Exec Committee, Council, Trustees or Board sets sections dues; others are silent</li> <li>Voting members: may vote and hold elected office; some include only active WSBA members; others also include Emeritus, Military, Foreign and House Counsel</li> <li>Subscriber members: ranging from law students to all other persons; may not vote or hold elected office</li> </ul>	<p>Section II.</p> <ul style="list-style-type: none"> <li>WSBA sets annual section dues, including reduced dues for law students, which are the same for all sections</li> <li>Voting members: active, Emeritus Pro Bono, Military Lawyer, and House Counsel and in good standing; may vote and hold elected office</li> <li>Subscriber members: other interested persons, including but not limited to law students; may not vote or hold elected office</li> </ul>	<ul style="list-style-type: none"> <li>Standard section dues and membership criteria help reduce barriers to section participation.</li> <li>WSBA is uniquely situated to set dues at level that will support and sustain section activities as a whole. Doing so (1) frees up Exec Committee to focus on substantive section activities; and (2) eliminates cost as a factor in joining one section rather than another.</li> <li>In furtherance of reducing barriers, the charter incorporates a broad definition of voting members and subscriber members.</li> </ul>

**APPENDIX 2B: WSBA SECTIONS POLICY WORKGROUP – COMPARISON OF CURRENT BYLAWS AND 12.30.15 DISCUSSION DRAFT CHARTER**

Officers/Duties	Current Sections Bylaws	12.11.15 Discussion Draft Charter	Workgroup Comments
	<ul style="list-style-type: none"> <li>Articles, officers and their terms vary by section. Most but not all have Chair, Chair-elect, Secretary and Treasurer.</li> </ul>	Section III. <ul style="list-style-type: none"> <li>Three officers serving one year terms tied to WSBA fiscal year: Chair, Chair-elect, and Secretary/Treasurer</li> <li>Section leadership continuity: Chair-elect serves as Chair following year service as Elect; Secretary/Treasurer serves as Chair-elect following year service as Secretary/Treasurer</li> <li>Secretary/Treasurer duties modified/consolidated: takes minutes of meetings and provides to WSBA staff within 2 weeks for WSBA publication to section members and recordkeeping; works with WSBA staff to ensure Section complies with WSBA fiscal policies and procedures and to prepare section budget for next fiscal year; reviews Section financial statements; and keeps in touch with WSBA staff with any questions/concerns</li> </ul>	<ul style="list-style-type: none"> <li>Standard officer positions and responsibilities free up Exec Committee and WSBA staff time to pursue/support substantive section activities</li> <li>Clear expectations of Secretary/Treasurer re minutes will facilitate more consistent communication to section members</li> <li>Changes in Secretary/Treasurer duties track to revisions to section fiscal policy</li> </ul>
<b>Executive Committee</b>	<ul style="list-style-type: none"> <li>Section leadership committee names vary (Trustees, Council, Exec Committees)</li> <li>Sizes range widely (from 7 to 22)</li> <li>Terms vary</li> </ul>	Section IV. <ul style="list-style-type: none"> <li>Composition and size: 3 officers, immediate past Chair, and up to 11 members representing balance of perspective among section membership (up to 15 total)</li> <li>Term: 3 year staggered terms; no more than 6 consecutive years</li> <li>Vacancies filled by Chair, in consultation with existing Exec Committee members</li> <li>Removal: by majority vote of Exec Committee if in best interests of section membership</li> </ul>	<ul style="list-style-type: none"> <li>Standard Exec Committee terms free up Exec Committee and WSBA staff time to pursue/support substantive section activities</li> <li>Terms, appointments and removal provisions common for sections currently</li> </ul>
<b>Other Committees</b>	<ul style="list-style-type: none"> <li>Varies; some bylaws silent/others prescriptive about other committees appointed by Exec Committee (e.g. Nominating, Legislative, CLE, Newsletter, Publications, etc.; one section prescribes 13)</li> </ul>	Section V. <ul style="list-style-type: none"> <li>Appointed by and serve/exist at the Exec Committee's discretion</li> </ul>	<ul style="list-style-type: none"> <li>Charter recognizes Exec Committee authority to appoint other committees as needed, but does not prescribe (other than Nominating Committee, see <i>infra</i>)</li> </ul>

**APPENDIX 2B: WSBA SECTIONS POLICY WORKGROUP – COMPARISON OF CURRENT BYLAWS AND 12.30.15 DISCUSSION DRAFT CHARTER**

	<b>Current Sections Bylaws</b>	<b>12.11.15 Discussion Draft Charter</b>	<b>Workgroup Comments</b>
<b>Meetings</b>	<ul style="list-style-type: none"> <li>Requirements vary among 28 sections</li> </ul>	<p>Section VI.</p> <ul style="list-style-type: none"> <li>Section member/Exec Committee meetings called by Chair/majority of Exec Committee</li> <li>Exec Committee may act at meeting, or by voice or electronic poll of each Exec Committee member, as long as in open/public manner consistent with WSBA Bylaws and records made available consistent with GR 12.4.</li> <li>Notice: at least five (5) working days prior to the meeting; may be given electronically. All Section meetings, and all Exec Committee meetings, must be conducted as open and public meetings in accordance with the WSBA Bylaws. WSBA staff may be present at any meeting of the Section, its Exec Committee, and any other committees.</li> <li>Action of Exec Committee is by majority vote of a majority of Exec Committee; action of section is by majority vote of Voting members present at section meeting.</li> </ul>	<ul style="list-style-type: none"> <li>Standard meeting and notice requirements increase member awareness of section leadership activity and help maintain administrative efficiency; freeing up WSBA staff time to support substantive section activities</li> </ul>
<b>Officer Elections</b>	<ul style="list-style-type: none"> <li>Currently, terms, nomination process and timelines vary widely across sections</li> <li>Officers may be elected under different cycles or processes than at-large members of the same Exec Committee</li> <li>Notification to members varies in method and timeline (e.g. e-notice vs. mail notice vs. presentation of nominees at annual meeting)</li> <li>Ballot type also varies: most require in-person; others also support paper or e-ballots. Some bylaws allow for automatic election if no contest</li> </ul>	<p>Section VII.</p> <ul style="list-style-type: none"> <li>Exec Committee receives nominations for vacant positions by self-referrals and by Nominating Committee (3 section members appointed each year by Exec Committee) by July 31</li> <li>Elections in August; after electronic vote; candidates for uncontested positions will be considered elected by acclamation</li> </ul>	<ul style="list-style-type: none"> <li>Standard election requirements help focus Exec Committee activity on member benefits and increase administrative efficiency; freeing up WSBA staff time to support substantive section activities</li> </ul>
<b>WSBA Submissions</b>	<ul style="list-style-type: none"> <li>Currently no requirement in Bylaws</li> </ul>	<p>Section VIII.</p> <ul style="list-style-type: none"> <li>Requires sections, through Exec Committees, to comply with WSBA deadlines, including those related to work plan and budget submissions, annual reports, and elections</li> </ul>	<ul style="list-style-type: none"> <li>Imbedding affirmative requirement frees up WSBA staff time to support substantive section activities</li> </ul>

## APPENDIX 3A

### Chapter 10: Sections

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#### Overview of Section Funds

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The WSBA has unrestricted, designated, and restricted fund balances. See Chapter 4, Unrestricted and Restricted Fund Balance Policy. All funds collected by the WSBA on behalf of a Section are subject to the control and fiscal oversight of the Board of Governors. Beginning in fiscal year 1994, the Board directed that the total difference between revenues, and direct and indirect expenses, for all Sections each year be designated as Section funds. Indirect expenses are that portion of the WSBA's staff time and overhead expenses attributed to support of and work for the Sections (reimbursed through the "per-member" charge). Separate ledgers will be maintained for each Section, making up the total for the Section funds.

It is recommended that a Section's fund balance be consistent with its future needs. Generally, the purposes of a fund balance are to:

- Provide a cushion for an unexpected shortfall in revenue.
- Provide a cushion for an unexpected expense.
- Provide for a specific future event that does not occur annually.
- Provide the ability to take advantage of an unforeseen unique opportunity.

A Section's fund balance should be enough to sustain a consistent level of programming in the event there are severe fluctuations in annual Section membership (six months worth of direct programming expenses are recommended as a guideline). In addition, a Section may plan for specific stated purposes (e.g., scholarships, special events, conferences, publications, and other member benefits). Sections are discouraged from maintaining fund balances in excess of two year's worth of direct programming expenses and specified purposes.

If a Section finds it has accumulated a larger fund balance than recommended above, Section leadership should devise a plan to spend down the fund balance by budgeting and incurring a loss in one or more subsequent fiscal years. Some suggestions are as follows:

- Reduce member dues.
- Subsidize the cost of full-day seminars by reducing the cost per member (the Section will pay the difference between the standard seminar price (\$199 or \$225) and what the Section would like to charge).
- High visibility or national-level speaker for a CLE program.
- Scholarships for law school students.
- Special educational projects (e.g., youth courts, mock trial programs, law school events).
- Improve membership resources (e.g., newsletters, website, law updates, handbooks, publications).
- Annual grant program to help support work of community-based programs providing access to civil legal services.
- Produce or sponsor law-related public information (e.g., Citizens' Rights brochures, sponsor lawforwa.gov website or votingforjudges.org, TVW's "The Docket").
- Donate to Washington State Bar Foundation's Loan Repayment Assistance Program (LRAP).
- Sponsor the WSBA's Leadership Institute Fellows' projects through the Washington State Bar Foundation.

## **APPENDIX 3A**

### **Executive Committees' Fiscal Responsibility**

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Each Section is entrusted with funds that are paid by its members as dues and that are the fruits of volunteer efforts (such as the Section's share of revenues from CLE programs and mid-year/annual meetings). Each Section's Executive Committee is charged with the duty of approving Section expenditures. As stewards of the Section's finances, the Committee should be responsible in authorizing expenditures in accordance with WSBA and Section policies.

### **Section Budgets**

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The WSBA's and the Sections' fiscal year is October 1 through September 30. Section budgets are approved annually by the Board of Governors as part of the WSBA's annual budget. See Chapter 1, Key Fiscal Policies – Budget Policies and Process.

### **Monthly Financial Reports**

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Monthly financial statements will be sent to each Section chair, chair-elect, and treasurer within 30 days of the close of each month with the exception of September due to the close of the fiscal year-end. These summary reports will show the Section's annual budget, actual monthly revenue and expenses, and year-to-date revenue and expenses. A detail report of posted transactions will also be provided. Section chairs, chairs-elect, and treasurers should review their Sections' monthly financial statements for accuracy and comparison to budget, and contact the Section Leaders Liaison if they have any questions about the amount of an income or expense item, the category in which it is recorded, or any other concerns.

### **Section Revenue**

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#### **Member Dues**

Section member dues are collected by the WSBA throughout the year. Each fall, membership renewal forms are sent to all WSBA active members and Section subscribers from the prior fiscal year.

#### **Interest Earned on Section Fund Balances**

Annually, each Section will receive interest income on its fund balance. The calculation and journal entry will be made at the close of the WSBA's fiscal year, prior to the annual audit of the WSBA's financial statements. Each Section's share of interest income will be determined by taking the average interest rate earned by the WSBA on its investments that fiscal year (excluding investments of reserve funds) and applying that rate to the average of the final year-end fund balance of each Section in the current and preceding fiscal years.

## APPENDIX 3A

### WSBA-CLE and Section Splitting CLE Profits / Losses

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#### **Programs Co-sponsored with Sections (Plan A and Plan B)**

Sections and the WSBA CLE Department are required to work together. All CLEs co-sponsored with a Section or not are charged an administrative fee to cover the CLE Department's staff time and overhead associated with seminars. The administrative charge is a percentage of gross revenues from the CLE. This percentage shall be determined at the beginning of each fiscal year by the CLE Director based on the prior year's overhead expenses and the current year's budget. After deducting the administrative fee and all direct costs of the co-sponsored program (e.g., facilities, speakers, etc.), the Section and the CLE Department will split the net profit or loss 50/50. These programs are labeled "Plan A" programs.

All Section mid-year meetings will be administered pursuant to the foregoing paragraph.

For annual programs that are (a) seen as both fiscally lower risk to Sections (unless specifically decided by the Section in consultation with the CLE Department to allow for the greater risk - e.g., bringing in a high-priced speaker) and (b) part of the administrative structure of the Section, the CLE Department uses a revenue sharing plan that includes charging the program the standard administrative fee but the Section receives 100% of the profit or loss from that program. These programs are labeled "Plan B" programs.

#### **Sections' Smaller Programs in which CLE Staff Provide Limited Assistance (Mini-CLEs)**

For smaller enrollment seminar programs that the Sections put on for Section members that are designated "mini-cles," the CLE Department provides limited assistance to the Section at no charge (e.g. advertising support, online registration, etc.). In these cases, the Sections do much more of the preparation and production of the seminars than regular CLE programming. These "mini-cles" are seen as exclusively member-benefit programs and the registration fees must be \$25 or less. The CLE Department provides specific support for these programs. Sections are responsible for working in collaboration with the CLE Department (i.e., following procedures outlined including timely notice, providing onsite registration personnel, etc.). Please consult with the CLE Director for specific procedural information.

#### **Accounting for Profit / Loss on CLE Seminars**

It is important for the CLE Department and the program sponsors, many of whom are WSBA Sections, to know the financial results of their seminar as soon as possible. The CLE Department must wait for all revenue and expenses to be posted before the seminar can be "closed." The CLE Department has instituted a four to six week preliminary fiscal summary for Sections. Upon closing a seminar, the CLE Department shall submit a journal entry to the Accountant to transfer the appropriate portion of the gain or loss to the Section. The CLE Department strives to close each Section seminar no later than 60 to 75 days after the date of the event but late arriving bills, most notably faculty expenses, sometimes lengthen this time. The CLE Department will keep the Section informed of the current of the status of the seminar financials.

## APPENDIX 3A

### Section Expenses

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A WSBA Section, by duly authorized act of the governing board or committee of the Section, shall be authorized to expend all money as budgeted without prior approval by the Board of Governors, provided the following conditions have been met:

- The expenditure is consistent with the approved budget and WSBA expense policies;
- The expenditure is within the goals of the WSBA as defined by Supreme Court Rule or the Bylaws; and
- The expenditure does not violate the restricted acts of the WSBA as defined by Supreme Court Rule, or the WSBA or Section Bylaws.

If a Section wishes to spend funds otherwise, Section leadership should prepare a written request outlining the purpose and amount of the proposed expenditure and submit it to the Section Leaders Liaison who will submit it to the Chief Operations Officer.

#### **Per-Member Charge**

Each Section shall reimburse the WSBA for the cost of administering the various Sections through an annual per-member charge. See Chapter 6, Expenses – Functional Accounting/Allocation of Indirect Expenses for details.

#### **Expenses in Excess of Annual Budget**

##### Personal Liability.

Article VI (F) 3 of the WSBA Bylaws states: "The financial obligation of the Bar to any division, committee or Section shall be limited to the amount budgeted for it and shall cease upon payment of that amount unless the Board of Governors authorizes otherwise."

Article VI (F) 4 of the WSBA Bylaws states: "Any liability incurred by any division, committee or Section, or by members thereof, in excess of the funds budgeted, shall be the personal liability of the person or persons responsible for incurring or authorizing the same."

Article VI (F) 5 of the WSBA Bylaws states: "Any liability incurred by any division, committee or Section, or by members thereof, not in accordance with the policies of the Board of Governors or in conflict with any part of these Bylaws, shall be the personal liability of the person or persons responsible for incurring or authorizing the same."

##### Expenses Over Budget – Chief Operations Officer Approval

Once a Section has reached its budgeted expenses for the year and spent any additional unbudgeted revenue, no further expenses for the Section will be paid unless a spending plan for the remainder of the fiscal year is approved by the Chief Operations Officer. Requests for additional expenses and a spending plan shall be submitted in writing to the Section Leaders Liaison.

##### Expenses Over Budget – WSBA Treasurer Approval

Unbudgeted expenses may not deplete the Section's reserve balance to less than 25% of the preceding fiscal year's expenditures. Approval by the WSBA Treasurer is required for unbudgeted expenses which total 25% or more of the Section's annual expense budget or \$1,000, whichever is greater. Requests for such expenditures shall be submitted in writing and approved prior to incurring an obligation for them. The Section leadership shall complete an Approval of Section Expenses in Excess of Annual Budget Form and submit it to the Section Leaders Liaison. The Section Leaders Liaison will inform the Section of the approval (or denial) of their request after review by the WSBA Treasurer and the Chief Operations Officer.

## APPENDIX 3A

### Expense Policies for WSBA Sections

*For purposes of the WSBA expense policies, a Section Function is defined as an event or meeting of the Section membership open to all members. Examples include mid-year and annual meetings. Section Functions do not include officer/executive committee meetings or retreats.*

**The Sections shall comply with the expense policies of the WSBA (see Chapter 6, Expenses), with the following exceptions:**

#### WSBA Policy on Alcohol

The WSBA's policy on alcohol with regard to Sections is as follows:

At the discretion of the Section Executive Committee, and because section revenues are paid voluntarily by section members, alcoholic beverages may be paid for using Section funds at the following Section events:

- At Section Functions, defined as an event or meeting of the Section membership open to all members; and
- At a "Speakers' Dinner" held at a mid-year or annual meeting, where many speakers and volunteers are being honored.

Alcohol served at Executive Committee meetings, retreats, and other events not open to all members shall not be paid for using Section funds.

#### Spouses/Domestic Partners/Guest Expenses

At the discretion of the Section Executive Committee, the Section may pay for a spouse, domestic partner, or one guest for group meals at Section Functions. Separate transportation, lodging, restaurant expenses, or personal expenses shall not be reimbursed or approved by the Executive Committee.

#### Executive Committee Meetings

Executive Committee meetings are not Section Functions, and therefore no alcohol may be paid for with Section funds. Meals for Executive Committee meetings shall comply with the per-diem rates established in the WSBA expense policies. The cost of spouses/domestic partners/guests to attend Executive Committee meetings shall not be paid for using Section funds.

#### Mid-Year or Annual Meetings

Mid-year or annual meetings are open to all members and are Section Functions. They may include a variety of events, such as seminars, the annual membership meeting, an executive committee meeting, a speakers' dinner, etc. The following are some of the costs associated with a mid-year or annual meeting that are not covered by general WSBA policies due to their uniqueness to Sections:

- Registration fees – With Executive Committee approval, registration fees for Committee members or other volunteers contributing to the development of the meeting may be paid for using Section funds.
- Lodging – Reimbursement for lodging may be at the actual rate for the facility at which the event is held, rather than the WSBA limit. The Section shall attempt to secure a reasonable group rate (note: all contracts must be approved by the CLE Director or the Director of Member and Community Relations if a non-CLE event).
- Speakers' Dinner – Some Sections hold a dinner to honor those persons who speak at the seminars or contribute to the meetings. Alcohol at these dinners may be paid for using Section funds.
- Speakers' Expenses – A Section may reimburse a speaker for travel, meals, and lodging in accordance with WSBA and CLE Speaker expense policies.

## APPENDIX 3A

- Alcohol – Alcohol may be provided using Section funds only at events open to all members (e.g., receptions), with the exception of the Speakers' Dinner.

### Social Events

A Section may sponsor a social event (e.g., golf outing, harbor cruise, etc) in conjunction with a mid-year or annual meeting if the event is open to all members. Section funds shall not be used to pay for social events for only officers and/or Executive Committee members.

### Retreats

Retreats are generally viewed as an opportunity for the Executive Committee members to meet each other in a less formal setting over an extended period of time, become more familiar with each, bond and form friendships, and lay the groundwork for the coming fiscal year. Section leadership may hold annual retreats so long as the cost is reasonable. The following costs are deemed to be reasonable, but must be approved and authorized by the Section's Executive Committee (i.e., some Sections may not wish to use these higher limits but instead follow the WSBA expense policies):

- Lodging:
  - Retreats shall not include more than two nights lodging.
  - Lodging may be provided for all Executive Committee members, regardless of the distance between the member's house and retreat location.
  - Reimbursement for lodging may be at the actual rate for the facility at which the retreat is held, rather than the WSBA limit. Sections are encouraged to work with the Section Leaders Liaison to negotiate a group rate (note: all contracts must be approved and signed by the Executive Director or the Director of Member and Community Relations).
- Meals – The cost of meals may exceed the per diem rate set forth in WSBA policies, so long as it is a group meal for which the bill is paid directly by the WSBA or paid by an individual and submitted on an expense report for reimbursement (charged to the Section).
- Alcohol – Alcohol shall not be included as part of the retreat costs covered by Section funds since the retreat is not considered a Section Function where all membership may attend.
- Guests – Sections may authorize members to bring families to the retreat (spouses, domestic partners, significant others, and children). Section funds may be used to cover group meal expenses which include guests/families; however, separate transportation, lodging, and individual meals will not be covered.
- Location – Retreats shall be held in Washington State or within 50 miles of the Washington border.

### Gifts

According to WSBA expense policies, plaques or modest gifts of appreciation are allowed. Any gifts to outgoing Section leadership or other volunteers must be reasonable. All gifts should be appropriate for the size of the Section, the time invested by the recipient, and within budget. Lavish gifts are not an appropriate use of Section funds. Gifts to volunteers, speakers, Executive Committee members, etc. should comply with WSBA's "plaques or modest gifts of appreciation" policy. Gifts of alcohol (e.g., bottles of wine) are allowed. It is recommended that gifts to outgoing Section chairs using Section funds not exceed \$200; however, the Executive Committee may approve gifts of a higher amount, not to exceed \$500, in special circumstances (e.g., for several years of service). This does not preclude the Section members from paying for any additional amount out of their own pocket.

## APPENDIX 3A

### Scholarships for Section Leaders

Sections shall be cognizant of conflicts of interest when awarding scholarships to attend Section CLEs. Sections may award scholarships to officers or executive committee members so long as the recipient of the scholarship does not vote on the matter.

### Other

There may be times when an Executive Committee would like to use Section funds to enable someone with unique circumstances to participate in Section leadership. An Executive Committee may request *advance* approval from the WSBA Executive Director to pay expenses not covered in the WSBA fiscal policies in circumstances where: (a) a volunteer's participation in Section leadership creates an economic hardship, and (b) the volunteer would not be able to serve but for financial assistance from the Section. Such expenses must be prudent and reasonable. Approval will be in the Executive Director's discretion and will not be granted unless approval is requested within a reasonable period of time **before** the expenditure is made.

## APPENDIX 3B

### WSBA SECTION POLICY WORKGROUP: 12.30.15 DISCUSSION DRAFT SECTIONS FISCAL POLICY

## Chapter 10: Sections

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Established under the Bylaws of the Washington State Bar Association (WSBA), and as set forth in their charters, sections exist to benefit the WSBA, section members and their clients, and the general public by: (1) providing a community for lawyers and others interested in the section's area or type of practice and increasing knowledge, networks, and resources for those individuals; (2) assisting in the activities, functions and work of the WSBA; and (3) furthering the interests of the WSBA and the legal profession as a whole. Sections do not have a separate or independent legal identity. As part of the WSBA, sections are subject to all WSBA policies and procedures, including but not limited to the WSBA Fiscal Policies and Procedures.

### Section Finances

The fiscal year for WSBA, including its sections, is October 1 through September 30. WSBA staff work with section executive committees to develop section budgets, which the Board of Governors approves annually as part of the WSBA's annual budget. Throughout the year, WSBA provides sections with their monthly financial statements as well as reports of posted transactions and membership information. The section executive committee is responsible for reviewing its section's financial statements for accuracy and comparison to budget, and contacting WSBA staff with any questions or concerns.

#### A. WSBA Sections Fund

All funds collected by the WSBA on behalf of the sections are subject to the control and fiscal oversight of the Board of Governors. Beginning in fiscal year 2017, WSBA shall pool and administer all existing and future section funds ("WSBA Sections Fund"). The WSBA Sections Fund is prioritized for the support of the sections.

#### B. Member Dues

As part of the annual budget process, the Budget & Audit Committee sets section member dues, including reduced dues for law students, which shall be the same for all WSBA sections. The section membership year is January 1 through December 31. WSBA sends membership renewal forms to all active members and current section members, and collects section member dues throughout the year. All WSBA section member dues shall be pooled, administered and held in reserve for all sections by the WSBA to support all section budgets and activities.

#### C. Annual Budget Process

1. Section annual work plan. At the outset of the budget process, each section shall submit a work plan identifying section activities for the next fiscal year, designed to advance the section's purpose as identified above. Collaboration with other sections is encouraged and should be included in the work plan. Upon WSBA's review and approval of the work plan, WSBA staff will provide the section's executive committee with historical financial data with which to build the section budget request.
2. Section budget request.
  - a. *Expenses.* The section shall identify authorized expenses that are needed to support the activities set forth in its annual work plan, including but not limited to: educational and networking opportunities, law school and new lawyer outreach, legislative advocacy efforts, newsletters and other member communications. No more than 25% of a Section's expense

## APPENDIX 3B

### WSBA SECTION POLICY WORKGROUP: 12.30.15 DISCUSSION DRAFT SECTIONS FISCAL POLICY

budget shall be allocated or spent on administrative expenses (including but not limited to Executive Committee and other section committee/subcommittee meals, travel, meeting and other expenses).

- b. *Revenue*. The section shall identify any revenue from educational programs or other activities set forth in its annual program plan.
3. Section budget approval. The Budget and Audit Committee shall recommend, and the Board of Governors shall approve, section budgets as part of its review and approval of the WSBA budget.

#### D. Funding Requests Outside of Annual Budget Process

As a rule, all section activities and events should be identified and funded through the annual budget process. Occasionally, opportunities to support members and the public may arise outside of that process. In such event, the section executive committee shall submit a written request to WSBA staff for funding support. The Controller, in consultation with the Chief Operations Officer and Treasurer, will review the request and notify the section executive committee of action on its funding request.

#### E. Educational Programs

Sections may work with WSBA, or with a third party approved by WSBA and on such terms as WSBA approves, to offer high quality continuing legal education programming. Programs include full and multi-day conferences, full and half-day seminars, and programs up to two hours ("Mini-CLEs").

1. Diversity, Inclusion and Access to Justice. The sections will: (a) pursue faculty recruitment strategies to maintain and enhance the pool and diversity of CLE faculty for educational programs, with the goal of at least mirroring racial representation with the WSBA membership; and (b) work to ensure compliance with existing WSBA policies related to diversity, inclusion and access to justice.
2. Conferences and seminars. As part of the annual planning process *infra*, WSBA staff will work with section executive committees on program planning and financial projections to determine whether or not a proposed program is likely to result in a profit or loss, or break even. It is a goal that all programs will at least break even; however, WSBA may also support a program that could result in a financial loss if it deems that the program is in the best interest of WSBA and its members, the section, and the public. When a section puts on a conference or seminar with WSBA: (a) WSBA will determine the administrative costs for programming in conjunction with the budgeting process; and (b) once all program revenues and expenses are posted, WSBA will inform the section of the program's financial results. For all conferences and seminars, whether the section works with WSBA or a third party, profits and losses will be booked to the WSBA Sections Fund.
3. Mini-CLEs. Mini-CLEs are an effective way for sections to provide free or low cost networking and educational opportunities to their members. Sections are responsible for developing and producing Mini-CLEs. In support of this member benefit, WSBA provides limited assistance (e.g. advertising support, online registration, etc.). Procedural requirements for these programs are available from WSBA staff.

## APPENDIX 3B

### WSBA SECTION POLICY WORKGROUP: 12.30.15 DISCUSSION DRAFT SECTIONS FISCAL POLICY

#### **F. Personal Liability**

As set forth in Article VI (F) 3 of the WSBA Bylaws, the financial obligation of the Bar to any section is limited to the amount budgeted, or approved outside the annual budget process, and ceases upon payment of that amount unless the Board of Governors authorizes otherwise.

As set forth in Article VI (F) 4 of the WSBA Bylaws, any liability incurred by any section or its members, in excess of the funds budgeted or approved outside of the annual budget process, shall be the personal liability of the person or persons responsible for incurring or authorizing the same.

As set forth in Article VI (F) 5 of the WSBA Bylaws, any liability incurred by any section or its members, not in accordance with the policies of the Board of Governors or in conflict with any part of the WSBA Bylaws, shall be the personal liability of the person or persons responsible for incurring or authorizing the same.

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**APPENDIX 3C**

**WSBA SECTION POLICY WORKGROUP: COMPARISON OF CURRENT AND 12.30.15 DISCUSSION DRAFT SECTIONS FISCAL POLICY**

<b>Current Section Fiscal Policy</b>	<b>12.11.15 Discussion Draft Section Fiscal Policy</b>	<b>Workgroup Comments</b>
<p><b>Paradigm</b></p> <ul style="list-style-type: none"> <li>Section funds are treated as fruits of volunteer labor; not necessarily subject to WSBA fiscal policies/procedures</li> <li>Each section “owns” the funds it generates and accumulates from year to year</li> <li>Member benefits, and operational expenses, vary greatly across the sections based on section resources and grandfathered exceptions to section fiscal procedures</li> </ul>	<ul style="list-style-type: none"> <li>Sections are part of WSBA, and are subject to WSBA fiscal policies/procedures</li> <li>Section funds are pooled, administered and held in reserve for use by all sections to support section budgets and activities</li> <li>Every section should have the opportunity to offer similar benefits to its members; operational expenses should be standardized</li> </ul>	<p>The paradigm shift furthers the Workgroup’s Core Principles that:</p> <ul style="list-style-type: none"> <li>Sections should have greater alignment with WSBA and its mission</li> <li>The overall health and mission of the whole is greater than any individual section</li> <li>All sections should offer core member benefits (educational opportunities, networking opportunities, direct communication to members, leadership opportunities)</li> <li>Greater consistency among sections will enable section leaders to focus more on member benefits, WSBA to streamline support, and both to advance the WSBA mission more effectively</li> <li>Collaboration among and between sections and WSBA strategic partners should be promoted</li> </ul>
<p><b>Relationship to WSBA</b></p> <ul style="list-style-type: none"> <li>Silent; current policies support philosophy that sections operate as “islands”</li> <li>Includes special rules for sections/expressly different from WSBA expense policies (e.g. alcohol, mid-year or annual meeting expenses, retreats, gifts and other Exec Committee expenses)</li> </ul>	<ul style="list-style-type: none"> <li>Mirrors language from standard charter that sections exist to benefit the WSBA, section members and their clients, and the general public; have no independent legal status; and are subject to all WSBA policies and procedures, including but not limited to fiscal policies and procedures</li> </ul>	<ul style="list-style-type: none"> <li>Although they have no independent legal status, current WSBA bylaws and policies invite sections to relate to WSBA as separate legal entities. Inconsistent understanding about section status sometimes leads to mutually frustrating interactions between WSBA and some section executive committees</li> <li>WSBA has fiduciary, legal and fiscal responsibility over section activities, which must be considered whenever section Exec Committees want to act</li> <li>The draft section policy clarifies this by stating that sections exist as part of WSBA, have no independent legal status, and are subject to WSBA fiscal policies and procedures</li> </ul>
<p><b>Section Finances</b></p> <ul style="list-style-type: none"> <li>Section fiscal year is WSBA’s; Board of Governors (BOG) approves section budgets; Exec Committee responsible to review monthly financial statements for accuracy</li> </ul>	<ul style="list-style-type: none"> <li>Substantially similar</li> </ul>	

**APPENDIX 3C**

**WSBA SECTION POLICY WORKGROUP: COMPARISON OF CURRENT AND 12.30.15 DISCUSSION DRAFT SECTIONS FISCAL POLICY**

<b>Section Funds</b>	<b>Current Section Fiscal Policy</b>	<b>12.11.15 Discussion Draft Section Fiscal Policy</b>	<b>Workgroup Comments</b>
	<ul style="list-style-type: none"> <li>Each section may carry fund balance from year to year, consistent with its future needs, which provides cushion for unexpected revenue shortfall, unexpected expense, future events that don't occur annually, ability to take advantage of unforeseen unique opportunity.</li> <li>Fund balance should be enough to sustain consistent level of programming in event severe fluctuation in membership (recommended ~6 months direct expenses up to 2 years' direct programming expenses)</li> <li>Section leadership should spend down excess fund balance; suggestions include reduced dues, subsidized educational programs, high visibility/national speakers, scholarships for law school students, special educational projects, improved membership resources, annual grants to help support work of community-based programs providing access to civil legal services, production or sponsorship of law-related public information, donation to WSBF (for Loan Repayment Assistance Program or WLI project costs)</li> </ul>	<p>Section A. WSBA Sections Fund</p> <ul style="list-style-type: none"> <li>All funds collected by the WSBA on behalf of the sections are subject to the control and fiscal oversight of the Board of Governors. Beginning in fiscal year 2017, WSBA shall pool and administer all existing and future section funds ("WSBA Sections Fund"). The WSBA Sections Fund is prioritized for the support of the sections.</li> </ul>	<ul style="list-style-type: none"> <li>Section funds do not carry over from year to year, but are pooled centrally to support the activities of all sections.</li> <li>This approach furthers the Workgroup's core principles that               <ul style="list-style-type: none"> <li>The overall health and mission of the whole is greater than any individual section</li> <li>All sections should offer core member benefits (educational opportunities, networking opportunities, direct communication to members, leadership opportunities)</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>Set by each section's Exec Committee/approved by Budget &amp; Audit Committee (currently, dues vary from \$20-\$40)</li> <li>Section membership year is the same as the WSBA's fiscal year, October 1 through September 30</li> <li>Member dues are collected and allocated to each section individually</li> <li>WSBA collects a Per-Member Charge from sections as members sign up and pay dues, to cover a portion but not the full cost of WSBA's administrative support to sections</li> </ul>	<p>Section B. Member Dues</p> <ul style="list-style-type: none"> <li>As part of annual budget process, Budget &amp; Audit Committee sets section member dues, which shall be the same for all WSBA sections, including a reduced fee for law students</li> <li>The section membership year is now the same as the WSBA membership year - January 1 to December 31</li> <li>All WSBA section member dues are pooled, administered and held in reserve for all sections by the WSBA to support section budgets and activities</li> </ul>	<ul style="list-style-type: none"> <li>Standard section dues helps reduce barriers to section membership</li> <li>Many section members renew during the WSBA licensing season (December-January), rather than at the beginning of the section membership year (October). Changing the membership year enables members to realize full year of membership benefits and significantly reduces member confusion.</li> <li>WSBA is uniquely situated to set dues at level that will support and sustain section activities as a whole. Administrative support cost calculation continues to exist; however each individual section is not charged a specific Per-Member Charge. Instead, the total administrative support costs are covered by the pool of section member dues. Doing so (1) frees up Exec Committees to focus on substantive section activities; and (2) for members, eliminates cost as a factor in joining one section rather than another.</li> </ul>

**APPENDIX 3C**

**WSBA SECTION POLICY WORKGROUP: COMPARISON OF CURRENT AND 12.30.15 DISCUSSION DRAFT SECTIONS FISCAL POLICY**

	<b>Current Section Fiscal Policy</b>	<b>12.11.15 Discussion Draft Section Fiscal Policy</b>	<b>Workgroup Comments</b>
<b>Annual Budget Process</b>	<ul style="list-style-type: none"> <li>• Sections prepare budget; BOG approves               <ul style="list-style-type: none"> <li>○ <i>Expenses</i>: direct cost of activities and per member charge</li> <li>○ <i>Revenues</i>: member dues, expected revenues from educational programs and section activities, and interest earned on section fund balances</li> </ul> </li> </ul>	<p>Section C. Annual Budget Process</p> <ul style="list-style-type: none"> <li>• At outset of process, section submits work plan identifying its activities for coming fiscal year. WSBA staff review/approve the work plan; then provide section’s Exec Committee with historical financial data with which to build budget request</li> <li>• Section budget request:               <ul style="list-style-type: none"> <li>○ <i>Expenses</i>. Direct cost of activities set forth in annual work plan, including but not limited to: educational and networking opportunities, law school and new lawyer outreach, legislative advocacy efforts, news-letters and other member communications. No more than 25% of a section’s expense budget shall be allocated or spent on administrative expenses (including but not limited to Exec Committee and other committee/subcommittee meals, travel, meeting and other expenses).</li> <li>○ <i>Revenue</i>. Expected to come from educational programs or other activities set forth in annual work plan.</li> </ul> </li> <li>• Budget &amp; Audit Committee recommends, and BOG approves, section budgets as part of its review and approval of the WSBA budget.</li> </ul>	<ul style="list-style-type: none"> <li>• Starting process with work plan grounds budget request to support activities that advance WSBA’s mission in support of members, the public and the profession</li> <li>• Section budget request process is streamlined.               <ul style="list-style-type: none"> <li>○ <i>Expenses</i>. WSBA accounts for and administers cost of administrative support (Per-Member Charge). Limit on administrative expenses promotes more funding to support member benefits and greater consistency among section spending patterns</li> <li>○ <i>Revenue</i>. WSBA accounts for and administers all dues revenue and reviews conferences and seminars for financial viability</li> </ul> </li> </ul>
<b>Funding Requests Outside of Annual Budget Process</b>	<ul style="list-style-type: none"> <li>• Expenses over budget escalate to COO and Treasurer, depending on amount of over-expenditure</li> </ul>	<p>Section D. Funding Requests Outside of Budget Process</p> <ul style="list-style-type: none"> <li>• Sections expected to work within budget; with opportunity to request funds to support activities outside of budget process by submitting written request. Controller, in consultation with COO and Treasurer, will review request and notify section Exec Committee of action on funding request.</li> </ul>	<ul style="list-style-type: none"> <li>• Like all WSBA cost centers, sections will be held to their budget</li> <li>• Revised policy affords opportunity for additional funding outside of budget request process to support member-focused activities that arose after the annual budget process.</li> </ul>

**APPENDIX 3C**

**WSBA SECTION POLICY WORKGROUP: COMPARISON OF CURRENT AND 12.30.15 DISCUSSION DRAFT SECTIONS FISCAL POLICY**

	<b>Current Section Fiscal Policy</b>	<b>12.11.15 Discussion Draft Section Fiscal Policy</b>	<b>Workgroup Comments</b>
<b>Educational Programs</b>	<ul style="list-style-type: none"> <li>• Seminars and conferences:               <ul style="list-style-type: none"> <li>○ Only sections with sufficient resources/fund balances may put on seminars (half/full day) and conferences (one/multi-day) – even if budgeted to a loss). Sections and WSBA split profit/loss 50-50 unless grandfathered (Plan A or B)</li> <li>○ WSBA charges percentage of gross revenues from CLE as administrative fee, which is intended as proxy to cover costs to support seminar/conference</li> <li>○ Under current system, WSBA – not sections – has covered losses. WSBA CLE reserves have been deleted as Section reserves overall have grown significantly</li> </ul> </li> <li>• Mini-CLEs: All sections may put on Mini-CLEs; many grandfathered exceptions</li> </ul>	<p>Section E. Educational Programs</p> <ul style="list-style-type: none"> <li>• Sections will pursue faculty recruitment strategies to maintain/enhance the pool and diversity of CLE faculty, and work to ensure that their educational programs advance existing WSBA policies related to diversity, inclusion and access to justice</li> <li>• Seminars and conferences:               <ul style="list-style-type: none"> <li>○ Sections may work with WSBA, or with third parties approved by WSBA/on terms WSBA approves, to offer high quality CLEs</li> <li>○ As part of annual planning/budgeting process, WSBA staff works with Exec Committees to determine whether proposed program is likely to result in profit or loss, or break even. It is a goal for all programs to at least pay for themselves; however, programs deemed to be in best interest of WSBA and its members, the section, and the public may also be supported.</li> <li>○ When a section puts on a conference or seminar with WSBA: (a) WSBA will determine the administrative costs for programming in conjunction with the budgeting process; and (b) once all program revenues and expenses are posted, WSBA will inform the section of the program’s financial results. For all conferences and seminars, whether the section works with WSBA or a third party, profits and losses will be booked to the WSBA Sections Fund.</li> </ul> </li> <li>• Mini-CLEs: substantially similar; all Minis up to two hours; may work with third parties approved by WSBA/on terms WSBA approves</li> </ul>	<ul style="list-style-type: none"> <li>• Imbedding expectations re existing diversity, inclusion and access to justice expectations will advance results in these areas</li> <li>• Standard eligibility criteria for approved third parties and terms on which sections may partner should open up opportunities in a way that minimizes section frustrations while reasonably protects WSBA legal rights</li> <li>• Current system fosters win-lose dynamic with each section, greatly varying member opportunities among sections, and is not sustainable for WSBA</li> <li>• Under new policy, all sections may propose beneficial programs. WSBA will support appropriate programs through use of total section reserves</li> <li>• Administrative fee concept is altered to capture true cost of CLE staffing support (no longer a percentage of gross revenue)</li> </ul>
<b>Personal Liability</b>	<ul style="list-style-type: none"> <li>• Personal liability, per WSBA Bylaws, for over-expenditures/expenses not in accordance with WSBA policies</li> </ul>	<p>Section F. Personal Liability</p> <ul style="list-style-type: none"> <li>• Substantially similar</li> </ul>	