

BY WSBA TREASURER BRIAN J. KELLY

The Board of Governors set 2015 license fees at its September meeting. For the third consecutive year, the license fee for an active member will be \$325. Your license to practice law in 2015 will cost the same as it did in 2001, 14 years ago.

License fees account for about 75 percent of our revenue. The \$325 license fee amount was initially set by a 2012 member referendum. It was not based on any analysis or consideration of the revenue required to support our regulatory agency and member-focused, Board-directed programs and operations.

In the wake of the fee reduction from \$450 to \$325, WSBA has worked diligently to shrink the organization's footprint as we continue to advance our mission and remain fiscally viable with a substantially reduced revenue stream.

Reducing Expenses

In FY12, to absorb the 28 percent reduction in license fee revenue (which approximated \$2 million), we laid off

staff, cut staff expenses, reduced board meetings and related costs, integrated young lawyer support throughout the organization from a more expensive division-based model to a committee structure, and implemented other cost-saving measures, including a reduced production schedule of *NWLawyer* (from 12 to 9 issues per year) and additional steps that garnered substantial savings in printing costs. These actions helped to facilitate our transition to the reduced revenue model.

In FY13, we reduced the budget by \$1.4 million. We continued to support all member-focused, Board-directed programs with fewer staff. We deferred critical infrastructure issues. Although we budgeted to a deficit, we were again able to increase reserves by the end of FY13, through operational efficiencies, open position savings, and increased non-license fee revenues. However, an organization cannot defer critical infrastructure issues indefinitely.

Developing the FY14 Budget

In taking stock, the Board found that:

1) salaries for over 80 percent of our mid- and long-term employees (those in position for at least four years) had fallen behind in the market, 2) there were significant gaps in our disaster preparedness, and 3) outdated technology infrastructure, platforms, and programs impeded member services and communications.

The Board considered this, our regulatory functions, our mission, and your needs in developing the FY14 budget. In addition to sustaining member-focused, Board-directed programs, the FY14 budget prioritizes critical infrastructure issues and enhances member support. Although we cut other costs further and increased non-license fee revenues, we must use reserves to support the budget at this fee structure level. Through hard work and prudent planning, we have sufficient reserves to support programs and operations in FY14 and FY15, while maintaining appropriate reserves for unforeseen circumstances.

Remaining Sustainable

We are pleased we have been able to keep license fees flat for three years, but we cannot operate on the 2001 license fee rate indefinitely. The cost of doing business today is much higher than it was in 2001, and continues to rise. WSBA programming has changed significantly over the years to support the evolving needs of our members. In the coming months, we will continue to look closely at expenses, revenue and reserves — and keep you informed — as we continue to plan for and maintain our long-term sustainability. **NWL**

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