

I'm grateful for the opportunity to have served as the WSBA treasurer during the just completed fiscal year. My thanks to fellow Board members for their confidence in electing me. It's been a pleasure to serve as treasurer. I commend the Board and the staff for their extensive work in making reductions and adjustments to better align the budget to meet the needs of the membership while fulfilling our fiduciary responsibility to the organization.

The WSBA budget is a policy document and management tool that allocates funds to fulfill our regulatory responsibilities to protect the public and also help members succeed in the practice of law. Each year, we work to build a fiscally responsible budget designed to maintain a high level of regulatory effectiveness and deliver value to our members in a diverse, changing profession. At the September meeting, the Board of Governors approved the FY15 budget and set license fees for 2016 and 2017 at \$385.

Recapping Reductions and Changes to the Budget

Following the 2012 license fee referendum, which arbitrarily reduced license fees to the 2001-02 level without regard to the actual cost of programs and services, we made a number of cuts and other changes to increase our effectiveness. Even as the costs of doing business continued to rise, efficiencies and prudent use of reserves enabled us keep fees at \$325 for three years through 2015. In addition, we strengthened our capacity to perform regulatory functions through the use of technology and introduced or expanded needed programs such as financial accommodations through the WSBA Hardship Option and Payment Plan; employment tools (Job Target website and Job Seekers Group); free benefits, including Legal Lunchbox CLE series, Casemaker (legal research), and WSBA Connects (member assistance program); new lawyer education and support (free and low cost seminars and resources); Public Service programs (Home Foreclosure

Legal Aid Project (now transitioned to Northwest Justice Project), Moderate Means, and Call to Duty; and webcast educational programs and forums, connecting members statewide.

In developing the FY15 Budget, we looked closely at current and multi-year projections of revenues, expenses, and reserves; as well as programs, operations, and resources to see what is working and what is not. In doing so, it became clear that some programs have been understaffed, there are still significant technology gaps, and members need enhanced programming to navigate a rapidly changing legal landscape. The FY15 budget addresses these issues. It assumes expenses of \$17,904,053, supported by \$14,757,180 in revenues, and up to \$3 million in reserves. Revenues include license fee and non-license fee revenue (such as interest income; Washington State Bar Foundation donations; fees from mandatory CLE, regulatory, and member services; advertising and sponsorships; recovery of discipline costs; and section reimbursements).

Establishing the 2016 and 2017 License Fees

While license fee revenue historically supported 75 percent of WSBA programs and operations, it only covers 60 percent in FY15. As the Bar's fiduciaries, the Board must set license fees at a level that enables us to continue to meet our regulatory obligations, advance our mission, and provide value to you at reasonable cost - while maintaining a prudent level of reserves. In order to continue to support our obligations to the public, to you, and to the profession, the Board voted to increase license fees to \$385 for 2016 and 2017. This fee level is equivalent to WSBA license fees charged in 2005-6, and remains appreciably lower than the cost to practice in most other Western state mandatory bar associations.

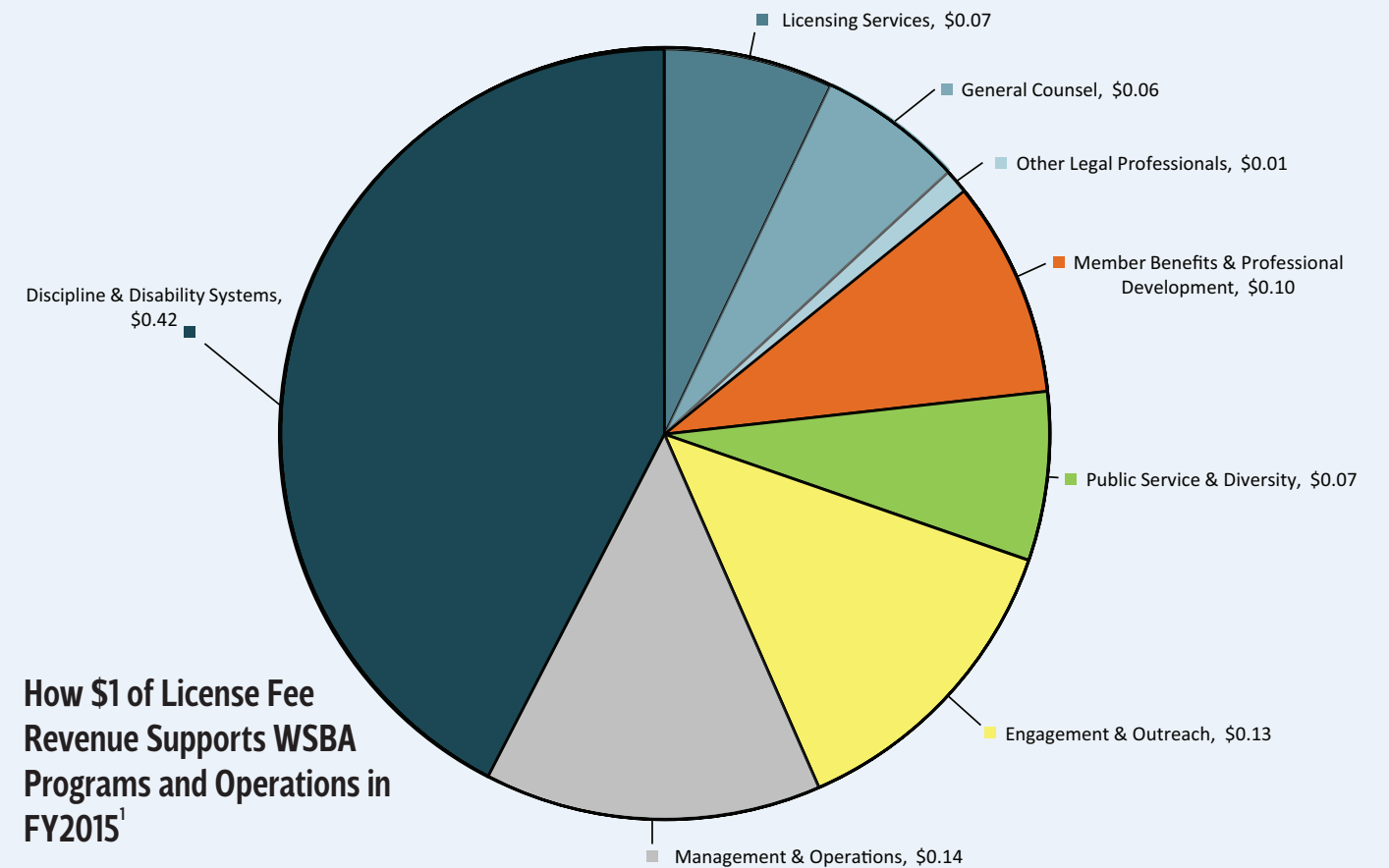
The Bar continues to be well-managed and financially sound, providing significant value and services to its members. We are in capable hands with new governors, officers and dedicated employees.

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DISCIPLINE & DISABILITY SYSTEMS: Costs to handle consumer inquiries and written grievances through disposition (including disciplinary counsel, hearing officer, and disciplinary board costs); to administer the WSBA audit program; and to educate members, law students, and legal professionals about legal ethics, trust account compliance, and the lawyer discipline system.

LICENSING SERVICES: Costs to process forms, license and respond to inquiries for nearly 36,000 members, and to maintain and respond to questions about members and their public membership information.

GENERAL COUNSEL: Legal representation to the WSBA, Board of Governors, and other boards, task forces, and committees; records request and litigation management; oversight, interpretation, and analysis of WSBA Bylaws and other legal issues; and investigation of unauthorized practice of law complaints.

OTHER LEGAL PROFESSIONALS: Development costs for the Supreme Court mandated Limited License Legal Technician (LLLT) and Limited Practice Officer programs. Once implemented, the LLLT program is intended to be self-supporting; revenues generated will be credited back to cover these costs.

MEMBER BENEFITS & PROFESSIONAL DEVELOPMENT: Costs for the Ethics Line, Ethics School, Law Office Management Assistance Program, Lawyers Assistance Program, Mentorship Program, as well as WSBA-sponsored benefits, including free legal research and the member assistance program through Wellspring. This category also supports new and young lawyer education, training, and leadership and staff support to nearly 900 WSBA volunteers.

PUBLIC SERVICE & DIVERSITY: Supports the Access to Justice Board and WSBA's public service programs, including the Moderate Means and Call to Duty programs, and other pro and low bono initiatives. Additionally includes WSBA's efforts to advance diversity and equality in the legal profession, as guided by the 2013 Diversity & Inclusion Plan. These activities are supported in part by a grant from the Washington State Bar Foundation.

ENGAGEMENT & OUTREACH: Member support through the Service Center; dedicated staff outreach to local, county, and specialty bars; member communications through the WSBA's official publication *NWLawyer*, *NWSidebar*, *WSBA.org*, and WSBA Career Center; legislative support provided to WSBA leadership and sections.

MANAGEMENT & OPERATIONS: WSBA leadership, management, and internal support functions.

¹ This chart reflects WSBA activities supported in any way by member license fees. It does not include income-generating services or programs that cover – or more than cover – their own costs (i.e. Mandatory CLE services, Admissions/Bar Exam, etc.).