

Oregon State Bar



2014 Budget

Final Report of the
Board of Governors

November 23, 2013

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2014 BUDGET

Final Report of the Board of Governors

November 23, 2013



Introduction to the Budget Report

At its November 23 meeting the Board of Governors reviewed and approved the 2014 budget for the Oregon State Bar.

The development of the budget began mid-year with an executive summary report followed by three reviews and analysis by the Budget & Finance Committee, the last two of which were the line item budgets prepared by bar managers and directors.

There were numerous changes to the budget throughout the process and the end result led to no change in the general membership fee and a very positive bottom line.

**The Net Operating Revenue
of the 2014 BUDGET is
\$453,471**

Report Format

This report is a new format for the 2014 budget report. The first six pages are an overall summary of the budget with the bulk of the report a two-page description of each program or department.

- The first page is a brief narrative of the program's operations and services and a description of key program revenue or expenses, or changes from the 2013 to 2014 budget.
- The second page is a line-by-line statement of the program's 2014 budget with a comparison to the 2013 budget.

The Net Expense in 2012 was \$2,641. The Net Revenue projected for 2013 is \$6,331. The 2014 budget is a continuation of the services and operations of those budgets. The positive and comparatively large Net Operating Revenue in 2014 is attributable to encouraging revenue projections in certain programs, even with slowing membership growth, and concerted efforts to control and decrease operational costs.

Exhibit A is a one-page program by program summary of the 2014 budget.

Overview of the 2014 Budget

The 2014 budget includes:

- no active member fee increase—the 9th consecutive year of no general fee increase
- no transfer of reserves to revenue for general operations.

Revenue . . .

■ Membership Fees

Although Membership Fee revenue increases over 2013, the increase is smaller than previous years.

Through ten months of 2013, the member fee revenue increase is 1.4 % over 2013, and has been above 1% for the previous four months of 2013. The projected 2014 revenue of \$7,076,000 is \$65,000, or .93% more than the 2013 budget primarily due to slower membership growth.

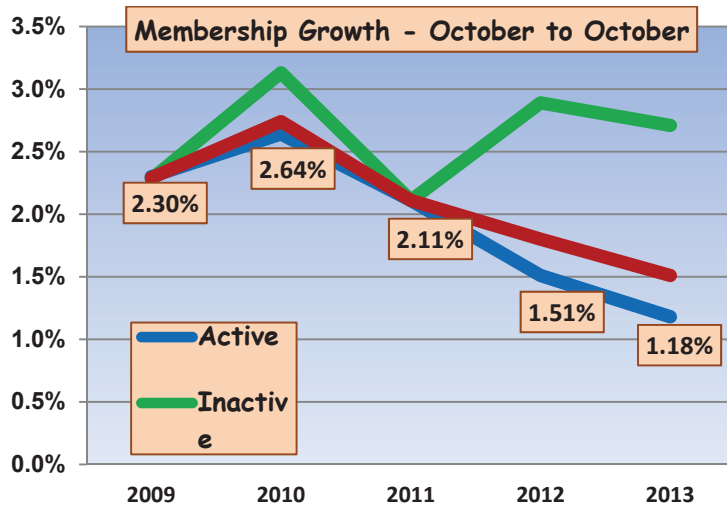
Member Fee Revenue Since the Last Active Member Fee Increase

Year	Actual	\$ Chg YOY	% YOY
2014 B	\$7,076,000	\$65,000	0.93%
2013 B	\$7,011,000	\$51,300	0.74%
2012	\$6,959,700	\$145,657	2.14%
2011	\$6,814,043	\$183,588	2.77%
2010	\$6,630,455	\$153,872	2.38%
2009	\$6,476,583	\$159,808	2.53%
2008	\$6,316,775	\$127,911	2.07%
2007	\$6,188,864	\$156,947	2.60%
2006	\$6,031,917		
Average 2007 to 2012			2.41%

The increased revenue from membership fees in 2013 and 2014 is lower than any year since the last time there was a member fee increase (for 2006).

Another cause of lesser fee revenue is members making their fee payments with credit card (in 2013 over half the members paid with credit card), rather than after the January 31 deadline. In 2014, the additional revenue from late payments is \$14,400 lower than 2013 – the approximate amount of lower late fee revenue experienced then.

The Impact of Slowing Membership Growth



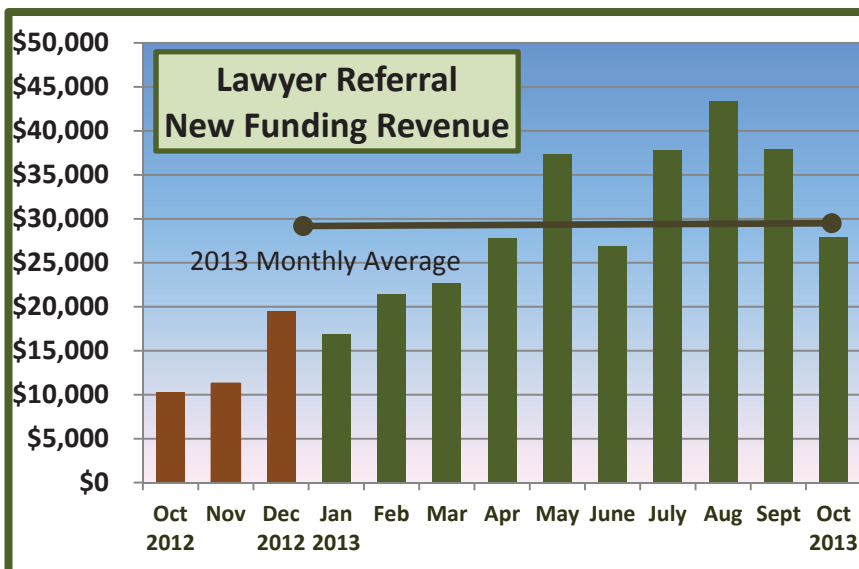
Not surprisingly Membership Fee revenue parallels the changes in the number of bar members. That parallel is never more evident now as the growth of membership is declining. The chart clearly indicates a “trend” in bar membership with lower growth from one year to the next in the last three years. A chart similar to the one at the left was created for May to May and September to September and those charts parallel the October to October growth.

Going back further, the year-over-year membership increase in the decade 2000 to 2009 averaged 2.53% a year making the current downward trend even more dramatic.

Program Fees

Program Fee revenue increases \$334,000, or 9.9%, over the 2013 budget and is attributable to three programs.

- The revenue from the **Lawyer Referral** percentage fee model has exceeded its first year projections which, due to the newness of the program, were set low. Revenue from registration and percentage fees is projected at \$305,000 more than the 2013 budget.



Revenue from percentage fees has averaged \$30,000 for the first ten months of 2013, and that amount is included in the 2014 budget.

- **Legal Publications** print sales also have exceeded expectations (and already have exceeded the revenue budget for 2013), and has created new revenue sources. Sales and royalty revenue is projected \$104,900 higher.
- Surprisingly **Admissions** revenue is projected at \$20,400 more than 2013 as enrollment and resultant bar application numbers are not expected to drop until 2015.

CLE Seminars revenue shows a budget decline of \$55,000 and most other program sources of revenue show a slight decline from 2013, but the gains above offset those declines. For further explanation of those changes, refer to the narrative summaries of each program.

Expenditures . . .

All expenses are \$137,400, or 1.3%, less than the 2013 budget.

■ Salaries, Taxes & Benefits

The 2014 budget includes a 2% salary pool for bar employees. In spite of this increase, a most surprising change for the 2014 budget is only a \$73,700, or .9%, increase in personnel costs over 2013. There are two major reasons for this:

1. The taxes and benefits rate as a percent of salaries is 38.1%.

This is more than a full percentage less than the 2013 budget.

The reason for this lower rate is the lower than expected employer's contribution rate for PERS that began with the two-year rate period beginning July 1, 2013.

Estimated Impact of Salary Pool on 2014 Budget		
Per Cent Change	Dollar Amount	Revised Net Revenue (Expense)
No change	\$ 0	\$ 590,371
2%	\$ 136,900	\$ 453,471
3%	\$ 205,400	\$ 384,971

The chart indicates the impact of including a salary increase in the 2014 budget. The highlighted row contains the amounts included in this forecast.

The lower rate is a result of SB 822. Although other PERS-related bills have since passed legislative action within the past few months, the impact of those changes on the current or future rate is not known yet.

- To offset any significant rate increase in mid 2015, the PERS Contingency will be increased monthly until mid 2015 when the contingency will be \$434,000.

2. There have been personnel changes in 2013 that impact the salaries budget:

- Five exempt attorney staff (four of which had in excess of ten years experience at the bar) and one exempt manager left bar employment during 2013. Some positions still are vacant and the replacement salary typically is lower than the replaced employee.

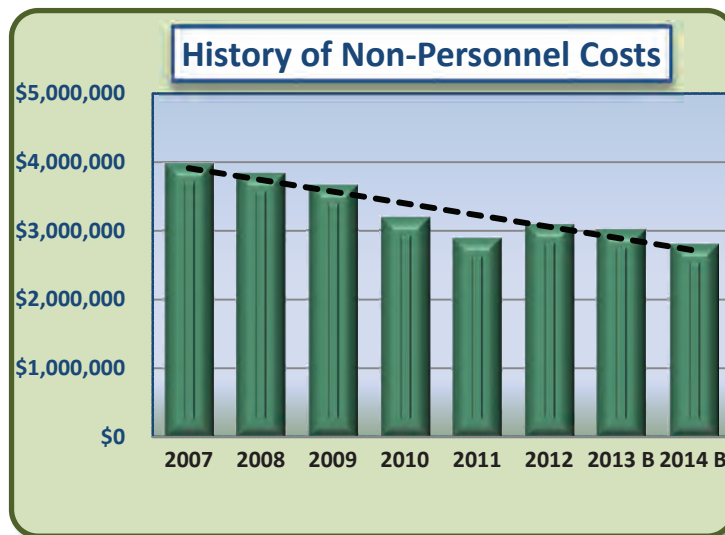
Also, a new employee joins PERS in a plan with a lower contribution rate than a former long-term employee.

- The Admissions Department has eliminated an administrative position.

An exception to the little change in overall salaries is an increase in personnel cost for added call staff in Lawyer Referral to handle the calls and administration for the percentage fee program. The added personnel are part-time staff and as the program develops, some added positions will be eliminated.

■ Non-Personnel Expenses (Direct Program & Administrative)

Non-personnel costs are lower by \$211,000, or 7.0% in the 2014 budget. This is the case in most departments. The largest decrease is in indirect costs as costs for copier leases, depreciation, postage, bank fees, and others are estimated to be less in 2014.



Not since 2009 have all operating costs been lower than the 2014 budget operating costs.

■ Restricted Funds

The next two funds do not receive funds from the general membership fee and each have a separate designated source of revenue and budget independent of the general operations budget.

Diversity & Inclusion

The House of Delegates approved a \$15.00 increase in the Diversity & Inclusion assessment to \$45.00 for active over two-years members (\$10.00 increase for under two-years members). The higher assessment will raise additional revenue of \$217,400 for the program and eliminate any net expense that would have occurred without the increase. The fund balance at the end of 2014 will reach \$108,000 with the budgeted program activities.

Client Security Fund

The Client Security Fund assessment remains at \$45.00. However, with the large volume of claims paid in 2012 and 2013, the revenue raised in 2013 and 2014 will still leave the fund balance at the end of 2014 below \$500,000.

■ Fanno Creek Place

Little change is expected in the Fanno Creek Place budget. The net expense of \$679,395 is \$23,000 less than the 2013 budget net expense. The net cash outlay is \$394,748, slightly less than 2013.

■ The Five Years after 2014 (Exhibit B)

The higher than expected net revenue for 2014 changes the five-year forecast slightly from previous forecasts. Here are some assumptions in this forecast:

- Since the actual results of 2013 and 2014 exceed expectations, the forecast in this report defers a member fee increase to 2016, assuming no changes to operations and services.
- If there is no \$50.00 member fee increase until 2016, the forecast shows a \$141,000 net revenue for 2015. However, in the second year after the fee increase reserves are needed to eliminate a cash deficit and by the third year, a significant net expense develops.
- Program Fee revenue is stagnant year-over-year since Admissions revenue is expected to decline 15% in 2015 and 10% in 2016 before plateauing.
- Lawyer Referral revenue must offset the declines or no growth expected in Admissions, CLE Seminars, and Legal Publications for Program Fee revenue to remain constant.
- There is a nominal increase in expenses, with a salary pool of 2% to 3% included.

■ Software Modernization Project (Exhibit C)

Exhibit C is an updated report on the plan to replace the bar's database and software planned for 2014.

OREGON STATE BAR 2014 Budget Summary by Program

<i>Department / Program</i>	<i>Revenue</i>	<i>Sal & Benefits</i>	<i>Direct Program</i>	<i>Gen & Admin</i>	<i>Total Expense</i>	<i>Indirect Costs</i>	<i>Net Revenue</i>
Admissions	\$743,446	\$302,545	\$273,235	\$18,104	\$593,884	\$118,128	\$31,434
Bulletin	\$662,790	\$184,300	\$335,904	\$4,186	\$524,390	\$161,930	(\$23,530)
CLE Seminars	\$1,252,485	\$458,700	\$411,800	\$24,998	\$895,498	\$359,364	(\$2,377)
Client Assistance Office	\$0	\$506,800	\$600	\$16,792	\$524,192	\$118,989	(\$643,181)
Communications	\$23,300	\$488,000	\$18,600	\$7,600	\$514,200	\$115,681	(\$606,581)
Disciplinary Counsel	\$78,750	\$1,671,300	\$114,550	\$79,832	\$1,865,682	\$361,389	(\$2,148,321)
General Counsel	\$2,500	\$392,100	\$43,450	\$16,227	\$451,777	\$74,804	(\$524,081)
Governance (BOG)	\$0	\$301,100	\$152,750	\$23,008	\$476,858	\$73,242	(\$550,100)
Legal Publications	\$321,802	\$578,000	\$115,677	\$21,527	\$715,204	\$260,816	(\$654,218)
Loan Repayment Assistance Progra	\$74,900	\$0	\$88,000	\$0	\$88,000	\$0	(\$13,100)
MCLE	\$300,300	\$161,881	\$1,500	\$11,591	\$174,972	\$70,759	\$54,569
Member Services	\$0	\$169,048	\$11,750	\$5,097	\$185,895	\$102,649	(\$288,544)
New Lawyer Mentoring Program	\$20,000	\$140,700	\$2,950	\$1,890	\$145,540	\$50,467	(\$176,007)
New Lawyers Division	\$6,650	\$64,500	\$77,200	\$4,680	\$146,380	\$45,830	(\$185,560)
Public Affairs	\$0	\$439,900	\$20,750	\$32,638	\$493,288	\$91,614	(\$584,902)
Referral & Information Services	\$475,500	\$440,717	\$49,240	\$10,444	\$500,401	\$143,755	(\$168,656)
Special Projects	\$200,000	\$15,900	\$173,200	\$325	\$189,425	\$0	\$10,575
TOTAL PROGRAMS	\$4,162,423	\$6,315,491	\$1,891,156	\$278,939	\$8,485,586	\$2,149,417	(\$6,472,579)
ALLOCATIONS:							
Finance & Operations	\$6,951,050	\$1,536,644	\$772,647	\$76,005	\$2,385,296	(\$2,114,146)	\$6,679,900
Less: Dept Charges/Offsets			(\$271,150)		(\$271,150)		\$271,150
Oregon State Bar Center	\$0	\$0	\$27,910	\$840	\$28,750	(\$28,750)	\$0
Contingency			\$25,000		\$25,000		(\$25,000)
TOTAL OPERATIONS	\$11,113,473	\$7,852,135	\$2,445,563	\$355,784	\$10,653,482	\$6,521	\$453,471
Fanno Creek Place	\$837,340	\$117,400	\$1,544,515	\$15,279	\$1,677,194	(\$160,459)	(\$679,395)
TOTAL GENERAL FUND	\$11,950,813	\$7,969,535	\$3,990,078	\$371,063	\$12,330,676	(\$153,938)	(\$225,925)
DESIGNATED FUNDS:							
Diversity Inclusion	\$698,900	\$311,973	\$169,450	\$32,899	\$514,322	\$76,163	\$108,415
Client Security Fund	\$688,700	\$42,500	\$253,650	\$2,624	\$298,774	\$26,622	\$363,304
Legal Services	\$6,055,000	\$96,000	\$5,935,000	\$1,877	\$6,032,877	\$51,153	(\$29,030)
TOTAL ALL FUNDS	\$19,393,413	\$8,420,008	\$10,348,178	\$408,463	\$19,176,649	\$0	\$216,764

2014 Budget

Oregon State Bar

Five-Year Forecast

Operations

November-13

Proposed Fee increase for Year		\$0	\$0	\$50	\$0	\$0	\$0
Operations	BUDGET	BUDGET	F O R E C A S T				
	2013		2014	2015	2016	2017	2018
REVENUE							
MEMBER FEES							
General Fund	\$7,011,000	\$7,076,000	\$7,147,000	\$7,182,700	\$7,952,000	\$8,032,000	\$8,112,000
Active Member Fee Increase		0	0	730,000	0		
% of Total Revenue	64.9%	63.7%	64.3%	60.2%	67.3%	67.8%	67.8%
PROGRAM FEES:							
Admissions	721,998	743,446	631,900	568,700	568,700	568,700	568,700
CLE Seminars	1,307,455	1,252,485	1,227,400	1,227,400	1,227,400	1,227,400	1,227,400
Legal Publications (print sales)	217,865	321,802	250,000	200,000	150,000	150,000	100,000
Lawyer Referral New Model fees	55,000	360,000	472,000	562,000	588,000	500,000	550,000
All Other Programs	1,060,299	1,018,990	1,039,400	1,060,200	1,081,400	1,103,000	1,116,200
Total Program Fees	3,362,617	3,696,723	3,620,700	3,618,300	3,615,500	3,549,100	3,562,300
OTHER INCOME							
PLF Contribution	200,000	200,000	200,000	200,000	0	0	0
Reallocation of Reserves	100,000	0	0	0	0	0	0
Investment & Other Income	130,112	140,750	138,900	192,800	243,800	260,600	293,200
TOTAL REVENUE	10,803,729	11,113,473	11,106,600	11,923,800	11,811,300	11,841,700	11,967,500
EXPENDITURES							
SALARIES TAXES & BENEFITS							
Salaries - Regular	5,548,900	5,664,500	5,769,600	5,934,300	6,103,600	6,277,700	6,456,700
Benefits - Regular	2,199,200	2,159,599	2,296,900	2,476,400	2,653,800	2,823,700	2,943,000
Salaries & Taxes - Temp	30,382	28,035	44,000	33,000	44,000	33,000	44,000
Total Salaries & Benefits	7,778,482	7,852,134	8,110,500	8,443,700	8,801,400	9,134,400	9,443,700
% of Total Revenue	72.0%	70.7%	73.0%	70.8%	74.5%	77.1%	78.9%
DIRECT PROGRAM:							
CLE Seminars	424,025	411,800	415,900	420,100	426,400	430,700	437,200
Legal Publications	100,313	115,677	125,000	100,000	75,000	75,000	50,000
All Other Programs	2,069,238	1,893,086	1,921,500	1,959,900	1,999,100	2,059,100	2,120,900
Total Direct Program	2,593,576	2,420,563	2,462,400	2,480,000	2,500,500	2,564,800	2,608,100
GENERAL & ADMIN (incl offsets)	400,340	362,305	367,700	375,100	382,600	394,100	405,900
CONTINGENCY	25,000	25,000	25,000	25,000	25,000	25,000	25,000
TOTAL EXPENSES	10,797,398	10,660,002	10,965,600	11,323,800	11,709,500	12,118,300	12,482,700
NET REVENUE/(EXPENSE) - OPERATIONS	\$6,331	\$453,471	\$141,000	\$600,000	\$101,800	(\$276,600)	(\$515,200)

2014 Budget

Five-Year Forecast

Fanno Creek Place

Fanno Creek Place		BUDGET	BUDGET	F O R E C A S T				
		2013	2014	2015	2016	2017	2018	2019
REVENUE								
RENTAL INCOME								
PLF	\$504,807	\$512,379	\$520,065	\$527,865	\$535,783	\$543,820	\$551,977	
First Floor Tenant - Suite 175 - Zip Realty	52,160	48,681	50,141	51,646	53,195	54,791	30,569	
First Floor Tenant - Suite 150 - Joffe	128,683	130,599	134,517	103,914	107,032	132,000	135,960	
First Floor Tenant - Suite 100 - Simpson Prop	55,585	23,486	24,191	24,900	25,600	26,368	27,159	
First Floor Tenant - Suite 110 - Prof Prop Gp	0	27,969	28,808	29,672	29,672	30,562	30,562	
First Floor Tenant - Suite 165 (vacant)	0	22,638	45,276	46,634	48,033	49,474	24,737	
OLF	28,536	29,388	30,300	31,200	32,100	33,100	34,100	
Meeting Rooms	30,000	40,000	30,000	25,000	24,000	24,000	24,000	
Operating Expense Pass-through	0	0	3,000	3,100	3,200	3,300	3,400	
INTEREST	2,100	2,200	2,500	2,800	3,000	3,200	4,000	
TOTAL REVENUE	801,871	837,340	868,798	846,732	861,615	900,616	866,465	
EXPENDITURES								
OPERATING EXPENSE								
Salaries & Benefits	119,800	117,400	119,700	123,300	127,000	130,800	134,700	
Operations	308,560	334,239	344,300	354,600	365,200	376,200	387,500	
Depreciation	510,100	509,300	514,300	514,300	514,300	524,300	524,300	
Other	5,180	8,600	8,600	8,600	8,600	8,600	8,600	
DEBT SERVICE								
Interest	720,801	707,655	693,699	678,884	663,158	646,462	628,729	
TOTAL OPERATING EXPENSES	1,664,441	1,677,194	1,680,599	1,679,684	1,678,258	1,686,362	1,683,829	
ICA to Operations	(160,459)	(160,459)	(160,500)	(164,500)	(164,500)	(164,500)	(168,600)	
NET EXPENSES	1,503,982	1,516,735	1,520,099	1,515,184	1,513,758	1,521,862	1,515,229	
NET REVENUE/(EXPENSE) - FC Place	(\$702,111)	(\$679,395)	(\$651,301)	(\$668,452)	(\$652,143)	(\$621,246)	(\$648,764)	
ACCRUAL TO CASH ADJUSTMENT								
SOURCES OF FUNDS								
Depreciation Expense	510,100	509,300	514,300	514,300	514,300	524,300	524,300	
Landlord Contingency Fund	30,000	30,000				200,000		
Loan Proceeds								
USES OF FUNDS								
Assign PLF Subtenants' Leases (Net)								
TI's - First Floor Tenants	(30,000)	(30,000)						
Principal Pmts - Mortgage	(213,507)	(224,653)	(240,609)	(256,424)	(271,150)	(287,846)	(305,569)	
NET CASH FLOW - FC Place	(\$405,518)	(\$394,748)	(\$377,610)	(\$410,576)	(\$408,993)	(\$184,792)	(\$430,033)	

2014 Budget

Five-Year Forecast

Funds Available/Reserve Requirement

EXHIBIT B

	BUDGET	BUDGET	F O R E C A S T				
	2013	2014	2015	2016	2017	2018	2019
FUNDS AVAILABLE							
Funds Available - Beginning of Year	\$ 1,496,210	\$1,368,493	\$1,471,616	\$1,351,246	\$1,806,570	\$1,554,477	\$984,985
SOURCES OF FUNDS							
Net Revenue/(Expense) from operations	6,331	453,471	141,000	600,000	101,800	(276,600)	(515,200)
Depreciation Expense	176,800	140,000	142,800	145,700	148,600	150,100	151,600
Provision for Bad Debts	21,000	25,000	25,000	25,000	25,000	25,000	25,000
Increase in Investment Portfolio MV	71,000	70,000	76,000	89,000	0	115,000	138,000
Allocation of PERS Reserve	111,000		64,440	129,000	64,500		
Projected HIGHER Net Operating Revenue	100,000						
USES OF FUNDS							
Capital Expenditures	(56,850)	(54,400)	(70,000)	(80,000)	(80,000)	(120,000)	(80,000)
Capital Reserve Expenditures	(21,000)		(25,000)	(40,000)	(50,000)	(75,000)	(50,000)
Capital Expenditures - New Building	(10,000)	(5,000)	(30,000)		(50,000)		(50,000)
Capital Reserve Expenditures - New Building						(200,000)	
Landlord Contingency Interest	(2,100)	(2,200)	(2,500)	(2,800)	(3,000)	(3,200)	(4,000)
Net Cash Flow - Fanno Creek Place	(405,518)	(394,748)	(377,610)	(410,576)	(408,993)	(184,792)	(430,033)
Addition to PERS Reserve	(118,380)	(129,000)	(64,500)				
Projected LOWER Net Operating Revenue	0						
CHANGE IN FUNDS AVAILABLE	(127,717)	103,123	(120,370)	455,324	(252,093)	(569,492)	(814,633)
Funds Available - End of Year	\$1,368,493	\$1,471,616	\$1,351,246	\$1,806,570	\$1,554,477	\$984,985	\$170,352
RESERVE REQUIREMENT							
Operating Reserve	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Capital Reserve	500,000	500,000	500,000	525,000	550,000	575,000	600,000
Total - Reserve Requirement	\$1,000,000	\$1,000,000	\$1,000,000	\$1,025,000	\$1,050,000	\$1,075,000	\$1,100,000
RESERVE VARIANCE							
Over/(Under) Reserve Requirement	\$368,493	\$471,616	\$351,246	\$781,570	\$504,477	(\$90,015)	(\$929,648)
RECONCILIATION							
CASH to ACCRUAL	BUDGET	BUDGET	F O R E C A S T				
	2013	2014	2015	2016	2017	2018	2019
NET REVENUE/(EXPENSE) - Operations	6,331	453,471	141,000	600,000	101,800	(276,600)	(515,200)
NET REVENUE/(EXPENSE) - FC Place	(702,111)	(679,395)	(651,301)	(668,452)	(652,143)	(621,246)	(648,764)
NET REVENUE/(EXPENSE) - OSB	(\$695,780)	(\$225,924)	(\$510,301)	(\$68,452)	(\$550,343)	(\$897,846)	(\$1,163,964)

MODERNIZING THE BAR'S DATABASE SOFTWARE

The foundation of the bar's membership information and most operational functions is a relational database entitled UniVerse. UniVerse was first installed at the bar in 1985 or 1986; thus the technology product the bar relies on so heavily is approaching thirty years. In today's technology world that is ancient technology.

Over the years, UniVerse has had four to five owners, including IBM, and the current owner is Rocket Software, which is a split-off of IBM. All OSB functional program software is customized – a good and bad feature at the same time.

UniVerse isn't a user-friendly product in today's technology environment. Over the years the bar has had staff who were program specialists in the software and for the past several years has relied on a contract programmer who is moving to retirement. This programmer works closely with the bar's IT staff and another contract programmer who specializes in the bar's website infrastructure and e-commerce.

In the late 1990's the bar embarked on a plan to replace the UniVerse system and hired a consultant to analyze all bar functions and develop a Request for Proposal to distribute to Association Management System (AMS) vendors. The bar selected a vendor from the Washington DC area (where most AMS vendors reside), but the project failed for two reasons. First, bar staff working on the conversion reported that the conversion was not improving the existing environment, and at the same time staff were reporting this, the company president reported he has sold his company to another vendor. After analyzing the options, the bar executed its contract termination rights. In hindsight and what the bar has learned about the vendor to whom the company was sold, the bar's decision to terminate was the best action.

There are pros and cons to customized software. The pros include developing software specifically designed to your operations. Today the cons outweigh the pros since any changes to operations mean a redesign of the software and the required documentation. Also, over time the customized program can divert from "best practices" for the operation.

The bar's IT staff consistently hit roadblocks as a result of the aging database. The fragility of the database has made new work slow to develop and in many cases not possible due to unmanageable code and non-standard integration methods. To make changes to meet regulatory requirements, increase staff efficiency and enhance member experiences the system needs an overhaul.

In 2011 the bar hired a former Schnitzer Steel employee to be the bar's Business Analyst/Project Manager, a position redesigned from an existing vacant position. Shortly thereafter, and with other department restructuring, the employee was appointed as the IT Manager with the objective of developing a plan to replace the UniVerse database.

Bar staff have considered these alternatives in evaluation of the database infrastructure:

1. Upgrade UniVerse, purchase the various required add-ons and re-engineer existing data structures.
Conclusion: The platform and programming language is not supported by the larger IT community. Programmers that work in this environment are in the decline.
2. Rebuild and re-customize the application in a new database platform.

Conclusion: The nature of building custom software with the variety of programs the bar provides is extremely complex and with only one staff programmer, one system administrator and one business analyst/project manager the amount work required is cost and time prohibitive (considering it has been almost three decades to arrive at the existing applications).

3. Buy Association and Case Management software.

Conclusion: Many applications today are built with flexibility in mind to allow IT to configure and extend existing application and platforms without having to be responsible for all aspects of the software development lifecycle. Options to this are a core group of vendors providing standard Association Management Systems and broad platforms for case management and Customer Relationship Management systems.

The IT manager has had preliminary interviews with a number of vendors to ascertain future involvement and demonstrations in consideration of the third option. Standard project management methodology will be used throughout the project to control the overall scope, timeline and budget. Currently the project is in the initiation stage which includes, high-level technical and functional requirements gathering, prioritization of needs, scope definition, and the vendor selection process.

This project will have workload strain to some degree on most staff (in addition to the commitment of time by the IT staff) as all departments must provide input, and the project must be considered a long-term investment and improvement to the current status. The results should have a positive effect on bar operations by creating far greater efficiency of numerous operations, eliminating the cost for contract programmers, eliminating certain licenses, and over time require less administrative, manual, and redundant processes which should lead to the elimination of administrative staff positions.

All bar staff have a PC at their disposal. Installed on each PC is the Microsoft Office suite of Word, Excel, Email, PowerPoint, and Access on some stations. The purchase of the new database will not change the need for these products. If any new hardware is needed, it will be a new server or servers to support the new software.

It is too soon to ascertain a cost for the new database, but it will be somewhere in six figures. Once vendor(s) are chosen bar staff can begin calculating the initial budget and timeline. The bar has maintained a \$500,000 capital reserve for technology and other large, infrequent capital purchases for several years, and it is expected this reserve will fund the project.



ADMISSIONS

The Admissions Department administers the Supreme Court Rules for Admission of Attorneys in Oregon on behalf of the Board of Bar Examiners (BBX) for the Oregon Supreme Court. The department processes applications for admission and conducts character and fitness investigations on all applicants seeking admission to the bar via the bar examination, reciprocity, house counsel, law teacher admission, and pro bono admission.

By Supreme Court rule, the Board appoints an Executive Director who serves at the pleasure of the BBX. (In 2013 the BBX changed the Executive Director position to Admission Director with a corresponding reduction in salary classification. The necessary rule change will be submitted to the Court in the near future.)

The Admissions office will process over 800 applications in 2013. Approximately 650 of those took the Oregon bar exam. Due to an expected 54 person spike in graduates at the University of Oregon Law School in 2014, the number of applicants estimated to take the Oregon bar exam will remain constant in 2014 before declining in 2015 and 2016.

Reciprocity applicants are on pace to reach 160 applicants in 2013. While reciprocity admission is expected to continue to increase, the budget for this applicant remains constant for 2014.

Although applicant numbers and revenue are expected to remain flat in 2014, but a decline in revenue is expected in 2015 and beyond, significant and permanent budget cuts have been made starting with the 2014 budget in two areas:

- The duties of the vacant Admissions Assistant and Specialists positions will be combined into one higher rated position; thus, eliminating one position and reducing the department's personnel budget.
- The BBX's grading session will be reduced by one day saving approximately \$13,000.

Account #	Account Description	Current Budget	2014 Budget	Budget Inc / Dec
<i>Revenues</i>				
101-4070-000	Applications - Bar Exam	453,750	437,500	-16,250
101-4070-100	Applications - W/O Bar Exam	81,250	106,250	25,000
101-4180-000	Supreme Court Certificate revenue	8,750	6,000	-2,750
101-4320-000	Investigation Fees - Bar Exam	46,250	46,250	0
101-4320-100	Investigation Fees - W/O Bar Exam	55,250	72,250	17,000
101-4355-000	Late Fees - Bar Exam	38,500	38,500	0
101-4490-000	Photocopies	4,850	4,950	100
101-4670-000	Services to Other Bars	375	375	0
101-4750-000	Laptop Fees	33,023	31,371	-1,652
Total Revenues		\$721,998	\$743,446	\$21,448
<i>Salaries & Benefits</i>				
101-6100-000	Employee Salaries - Regular	224,400	218,400	-6,000
101-6105-000	Employee Taxes & Benefits - Regular	88,900	83,300	-5,600
101-6200-000	Employee Salaries - Temporary	7,120	768	-6,352
101-6205-000	Employee Taxes & Benefits - Temporary	712	77	-635
Total Salaries & Benefits		\$321,132	\$302,545	(\$18,587)
<i>Direct Program Expenses</i>				
101-7110-000	Bar Exam Multistate Fees - MBE	41,500	39,900	-1,600
101-7110-100	Bar Exam Multistate Fees - MPT	17,700	17,290	-410
101-7110-200	Bar Exam Multistate Fees - MEE	13,050	8,645	-4,405
101-7130-000	Bar Exam Special Testing Conditions	7,500	7,500	0
101-7135-000	Laptop Exp - Special Testing Conditions	2,000	4,200	2,200
101-7135-100	Bar Exam Laptop Testing Exp - Electrical	3,750	3,750	0
101-7140-000	Bar Exam Specific expenses	11,000	12,000	1,000
101-7175-000	Supreme Court Certificates	4,000	4,000	0
101-7265-000	Contract Services	3,000	2,000	-1,000
101-7360-000	Facilities	18,000	18,000	0
101-7415-000	Hearings	5,000	5,000	0
101-7450-000	Investigation - Character/Fitness	3,000	3,000	0
101-7930-016	Travel & Expense - Board	159,350	145,950	-13,400
101-7940-000	Travel & Expense - Others	2,000	2,000	0
Total Direct Program Expenses		\$290,850	\$273,235	(\$17,615)
<i>General & Administrative Expenses</i>				
101-9400-000	Messenger & Delivery Services	200	200	0
101-9500-000	Office Supplies	2,000	2,000	0
101-9600-000	In House Printing	2,400	3,000	600
101-9620-000	Postage	5,000	5,000	0
101-9680-000	Publications & Subscriptions	200	300	100
101-9800-000	Telephone	100	100	0
101-9830-000	Training & Education	500	800	300
101-9850-000	Travel & Expense - Staff	7,081	6,704	-377
Total General & Administrative Expenses		\$17,481	\$18,104	\$623
Total Expenses		\$629,463	\$593,884	
Net Operating Revenue (Expense)		\$92,535	\$149,562	
101-9000-000	<i>Less: Indirect Cost Allocation</i>	\$130,881	\$118,128	
Net Revenue (Expense)		(\$38,346)	\$31,434	

BULLETIN

The Bulletin Department is responsible for the publication of OSB Bulletin, the 10-times-a-year magazine that is mailed to every active, inactive and active pro bono member of the Oregon State Bar, as well as advertisers and about 100 subscribers. Total circulation is approximately 18,500.

The Bulletin staff consists of one full-time editor, a half-time associate editor and a half-time administrative assistant. Advertising is handled by an independent contractor, paid by commission. Design and production is handled by the OSB Creative Services Department.

Working with bar leadership and senior OSB staff, the Bulletin staff develops an editorial calendar of articles, columns and other features, and works with bar leaders, OSB staff, freelance writers and volunteers to procure and edit all editorial matter in the magazine. Staff also edit and write the several hundred press releases submitted every year for the Briefs, Bar News and the popular Bar People column (“Among Ourselves” and “Moves”).

The Bulletin’s major revenues are generated by three forms of advertising: display advertising, lawyer announcements and classifieds. Pursuant to postal regulations, a small portion of the annual member fee (\$10 per year) is allocated to the Bulletin for the purpose of a subscription. Other minor revenue categories are royalties (Lexis-Nexis and Westlaw) and photo fees (Bar People section).

Recent financial trends include:

- continuing softness in the business-to-lawyer advertising sector (e.g., expert witnesses, professional services, publishers);
- continuing growth in the lawyer-to-lawyer advertising sector (firms seeking referrals, announcement of moves, openings and new hires);
- continuing decline in classified advertising, mirroring a national trend;
- a shift to smaller, or less frequent, advertisements, particularly to the new “Attorney Marketplace” section.

Account #	Account Description	Current Budget	2014 Budget	Budget Inc / Dec
Revenues				
123-4005-001	Atty Market Place Adv - 5 issues	0	32,500	32,500
123-4006-001	Atty Market Place Ads - 10 issues	0	32,500	32,500
123-4010-xxx	Advertising - ALL	357,936	303,306	-54,630
123-4015-xxx	Advertising - Classified - ALL	38,760	37,918	-842
123-4020-xxx	Advertising - Lawyer Announceme - ALL	59,278	57,866	-1,412
123-4405-000	Membership Fees - Subscriptions	188,000	191,300	3,300
123-4485-000	Photo Fees	4,500	4,000	-500
123-4610-000	Royalties	7,000	2,500	-4,500
123-4705-000	Subscriptions - Bulletin	900	900	0
Total Revenues		\$656,374	\$662,790	\$6,416
Salaries & Benefits				
123-6100-000	Employee Salaries - Regular	136,700	133,400	-3,300
123-6105-000	Employee Taxes & Benefits - Regular	54,200	50,900	-3,300
Total Salaries & Benefits		\$190,900	\$184,300	(\$6,600)
Direct Program Expenses				
123-7090-000	Bank Fees - Credit Card Processing	1,000	1,200	200
123-7194-000	Commissions Expense	107,381	110,492	3,111
123-7265-xxx	Contract Services - ALL	34,250	35,500	1,250
123-7670-xxx	Postage - ALL	59,522	59,511	-11
123-7700-xxx	Printing Services - ALL	73,700	65,268	-8,432
123-7875-xxx	Supplies - ALL	70,980	63,933	-7,047
Total Direct Program Expenses		\$346,833	\$335,904	(\$10,929)
General & Administrative Expenses				
123-9500-000	Office Supplies	150	150	0
123-9600-000	In House Printing	250	250	0
123-9620-000	Postage	1,250	1,000	-250
123-9640-000	Professional Dues	170	634	464
123-9660-000	Bad Debt Expense	250	250	0
123-9680-000	Publications & Subscriptions	0	25	25
123-9830-000	Training & Education	550	375	-175
123-9850-000	Travel & Expense - Staff	0	1,452	1,452
123-9999-000	Miscellaneous Expense	50	50	0
Total General & Administrative Expenses		\$2,670	\$4,186	\$1,516
Total Expenses		\$540,403	\$524,390	
Net Operating Revenue (Expense)		\$115,971	\$138,400	
123-9000-000	Less: Indirect Cost Allocation	\$130,589	\$161,930	
Net Revenue (Expense)		(\$14,618)	(\$23,530)	

CLIENT ASSISTANCE OFFICE

The Client Assistance Office (CAO) processes written complaints about lawyers practicing in Oregon. Three staff attorneys and two administrative staff process about 2,000 complaints a year, separating the credible complaints that implicate a rule of professional conduct from ones that do not. Credible complaints that implicate a rule of conduct are forwarded to Disciplinary Counsel's Office. Complaints that are either nonjurisdictional or lacking credible evidence are dismissed in writing.

CAO staff often provide non-legal advice assistance to the public such as referrals to other agencies, re-establishing good lines of communication between lawyers and clients and helping clients obtain their files. This assistance and answering questions from the public occupies a great deal of CAO staff time.

CAO attorneys also speak at CLE's and national conferences, give informal ethics advice to members, and write Bar Counsel articles.

- CAO generates no revenue.
- The bulk of CAO's budget is employee salaries, taxes and benefits.
- A new CAO manager began late 2013 replacing the retiring manager.

Account #	Account Description	Current Budget	2014 Budget	Budget Inc / Dec
Salaries & Benefits				
112-6100-000	Employee Salaries - Regular	389,500	366,900	-22,600
112-6105-000	Employee Taxes & Benefits - Regular	154,400	139,900	-14,500
Total Salaries & Benefits		\$543,900	\$506,800	(\$37,100)
Direct Program Expenses				
112-7450-000	Inquiry/investigation related expense	500	600	100
Total Direct Program Expenses		\$500	\$600	\$100
General & Administrative Expenses				
112-9400-000	Messenger & Delivery Service	50	50	0
112-9500-000	Office Supplies	2,000	1,500	-500
112-9600-000	In House Printing	2,500	2,000	-500
112-9620-000	Postage	6,000	6,000	0
112-9640-000	Professional Dues	1,404	2,296	892
112-9680-000	Publications & Subscriptions	800	500	-300
112-9800-000	Telephone	0	300	300
112-9830-000	Training & Education	1,200	500	-700
112-9850-000	Travel & Expense - Staff	5,995	3,546	-2,449
112-9999-000	Miscellaneous Expense	200	100	-100
Total General & Administrative Expenses		\$20,149	\$16,792	(\$3,357)
Total Expenses		\$564,549	\$524,192	
Net Operating Revenue (Expense)		(\$564,549)	(\$524,192)	
112-9000-000	<i>Less: Indirect Cost Allocation</i>	\$134,271	\$118,989	
Net Revenue (Expense)		(\$698,820)	(\$643,181)	

CLE SEMINARS

The CLE Seminars Department provides attorneys and other legal professionals with continuing legal education in a variety of formats, including live seminars, webcasts, and on-demand online seminars. In addition to sponsoring 45 to 55 live seminars annually, CLE Seminars partners with national CLE providers to give OSB members increased access to online seminars. The Department also provides OSB sections and the ONLD with a variety of CLE services, ranging from registration support to co-sponsorship of seminars and multi-day institutes.

- Live seminar revenue is projected to continue decreasing as more members seek CLE not only from OSB, but also from other providers as bricks-and-mortar sponsors (in-person events) and online-only sponsors .
- Sales of shippable products (DVDs, CDs, and print books) continue to decrease as those formats give way to technological advances in CLE delivery methods, i.e., on-demand seminars and electronic course materials.
- Correspondingly, online seminar revenue has steadily increased as more members attend seminars “live” via webcast or obtain credit through on-demand seminar products.
- The Department is offering an increasing number of studio-only (no live audience) seminar webcasts, which are relatively inexpensive to produce while boosting on-demand sales revenue.
- Department FTE is 5.7 though the number of live seminars produced and credit hours offered has increased over the last several years.

Account #	Account Description	Current Budget	2014 Budget	Budget Inc / Dec
Revenues				
109-4235-000	Discounts on Sales	-12,000	-12,000	0
109-4290-000	Freight charge revenue	6,000	5,000	-1,000
109-4565-xxx	Registrations (Conferences/Semi - ALL	481,955	470,285	-11,670
109-4620-xxx	Sales - ALL	691,000	666,500	-24,500
109-4670-000	Services - Sections	20,000	20,200	200
109-4760-000	Video Rentals	4,000	4,000	0
109-4760-624	Audio Rental - Reciprocity	25,000	30,000	5,000
109-4760-628	Video Rentals - DVD's	30,000	8,000	-22,000
109-4760-756	DVD Rental - Reciprocity	65,000	60,000	-5,000
109-4999-000	Miscellaneous Revenue	500	500	0
Total Revenues		\$1,311,455	\$1,252,485	(\$58,970)
Salaries & Benefits				
109-6100-000	Employee Salaries - Regular	293,400	332,100	38,700
109-6105-000	Employee Taxes & Benefits - Regular	116,300	126,600	10,300
Total Salaries & Benefits		\$409,700	\$458,700	\$49,000
Direct Program Expenses				
109-7025-000	Advertising	3,000	3,000	0
109-7085-xxx	Audio / Visual - ALL	57,070	67,600	10,530
109-7090-000	Bank Fees - Credit Card Processing	15,000	10,000	-5,000
109-7165-xxx	Catering - ALL	123,850	118,350	-5,500
109-7205-015	Computer - Website development/Mtce	1,000	500	-500
109-7360-xxx	Facilities - ALL	12,950	9,000	-3,950
109-7563-000	Mailhouse Services-	6,000	6,000	0
109-7670-xxx	Postage - ALL	18,750	18,000	-750
109-7700-xxx	Printing Services - ALL	36,400	28,400	-8,000
109-7730-xxx	Program Materials - ALL	23,400	26,300	2,900
109-7810-000	Royalties expense	8,000	7,000	-1,000
109-7830-000	Section Services Expenses	1,200	1,200	0
109-7837-xxx	Speaker Airfare - ALL	10,600	9,800	-800
109-7840-xxx	Speaker Expense - ALL	49,600	50,250	650
109-7845-xxx	Lodging - ALL	15,220	18,520	3,300
109-7850-000	Special Projects	0	5,000	5,000
109-7875-000	Supplies - Blank Flyer Stock	2,200	500	-1,700
109-7875-625	Supplies - Audio CD's	18,000	14,000	-4,000
109-7875-628	Supplies - DVD's	10,000	6,000	-4,000
109-7965-xxx	Video Replays - ALL	2,950	3,800	850
109-7999-xxx	Miscellaneous Expense - ALL	8,835	8,580	-255
Total Direct Program Expenses		\$424,025	\$411,800	(\$12,225)
General & Administrative Expenses				
109-9500-000	Office Supplies	500	500	0
109-9600-000	In House Printing	200	200	0
109-9620-000	Postage	10,000	10,000	0
109-9640-000	Professional Dues	1,737	1,307	-430
109-9660-000	Provision for Bad Debts	500	500	0
109-9680-000	Publications & Subscriptions	100	50	-50
109-9800-000	Telephone	50	50	0
109-9830-000	Training & Education	4,330	3,885	-445
109-9850-000	Travel & Expense - Staff	7,873	8,406	533
109-9999-000	Miscellaneous Expense	100	100	0
Total General & Administrative Expenses		\$25,390	\$24,998	(\$392)
Total Expenses		\$859,115	\$895,498	
Net Operating Revenue (Expense)		\$452,340	\$356,987	
109-9000-000	Less: Indirect Cost Allocation	\$414,138	\$359,364	
Net Revenue (Expense)		\$38,202	(\$2,377)	

COMMUNICATIONS & PUBLIC SERVICES

The Communications & Public Services Department coordinates the bar's organizational communications to ensure consistent and effective delivery of OSB information and priority messages to members and the public.

Public service functions include development of website content, legal information pamphlets and specialty publications, and multimedia support.

Member communications functions include content development for the bar's website and portions of the Bulletin; publication of the electronic Bar News and BOG Update e-newsletters, along with other all-member emails; coordination of special events including the annual Awards Luncheon and 50-Year Member event, assistance with OSB room rentals; and communications and marketing support to other bar programs and departments. The department director also has policy and oversight responsibilities for the Bulletin, Creative Services and Referral & Information Services programs, each of which has a separate budget.

- More than 97% of the department's direct expenses go to salaries and benefits.
- Revenue for the new online career center through Job Target has greatly exceeded initial 2013 projections of \$1,500 and is estimated to net \$11,000 for 2013 and 2014.
- The largest non-staff expense of \$10,800 is catering for the awards and 50-year member luncheons. This expense is offset with an identical revenue line item representing ticket sales for the two events.
- Revenue for sales of public education materials largely offsets associated printing expense.
- Tel-Law phone expenses have declined for the past few years as the bar transitions away from telephone recordings in favor of online delivery. Recordings via the telephone will be discontinued in 2014.

Account #	Account Description	Current Budget	2014 Budget	Budget Inc / Dec
<i>Revenues</i>				
108-4165-000	Catered Events	11,700	10,800	-900
108-4185-000	Commissions - Job Target	1,500	11,000	9,500
108-4620-039	Sales - Pamphlets (Members)	1,200	1,500	300
Total Revenues		\$14,400	\$23,300	\$8,900
<i>Salaries & Benefits</i>				
108-6100-000	Employee Salaries - Regular	295,200	353,300	58,100
108-6105-000	Employee Taxes & Benefits - Regular	117,000	134,700	17,700
Total Salaries & Benefits		\$412,200	\$488,000	\$75,800
<i>Direct Program Expenses</i>				
108-7090-000	Bank Fees - Credit Card Processing	100	100	0
108-7165-000	Catering Expense	11,700	10,800	-900
108-7395-000	Gifts & Awards	1,200	1,400	200
108-7575-000	Marketing	650	3,500	2,850
108-7730-000	Materials	1,000	1,000	0
108-7850-000	Special Projects	0	600	600
108-7885-042	Telephone - Tel Law	1,800	600	-1,200
108-7975-000	Volunteer Recognition	800	600	-200
Total Direct Program Expenses		\$17,250	\$18,600	\$1,350
<i>General & Administrative Expenses</i>				
108-9500-000	Office Supplies	350	400	50
108-9600-000	In House Printing	2,700	2,200	-500
108-9620-000	Postage	1,100	950	-150
108-9800-000	Telephone	1,600	1,500	-100
108-9830-000	Training & Education	750	1,600	850
108-9850-000	Travel & Expense - Staff	500	800	300
108-9999-000	Miscellaneous Expense	200	150	-50
Total General & Administrative Expenses		\$7,200	\$7,600	\$400
Total Expenses		\$436,650	\$514,200	
Net Operating Revenue (Expense)		(\$422,250)	(\$490,900)	
108-9000-000	<i>Less: Indirect Cost Allocation</i>	\$127,807	\$115,681	
Net Revenue (Expense)		(\$550,057)	(\$606,581)	

DISCIPLINARY COUNSEL

The Disciplinary Counsel consists of 15 attorney and support staff dedicated to the regulatory functions of the bar and its members.

- The time allocated to BBX/Admissions by the Disciplinary Counsel Director increased to .20 FTE to more accurately reflect the time spent on those duties.
- There is an increase in the area of staff training. Significant changes in the admissions area as well as national trends in lawyer regulation require additional training for the staff.
- The largest program expense is Court Reporting which can vary considerably year over year based on the number and complexity of cases requiring those services.

Account #	Account Description	Current Budget	2014 Budget	Budget Inc / Dec
Revenues				
115-4080-000	Arbitration Registration Fees	2,000	2,000	0
115-4180-000	Certificates of Good Standing	13,000	13,000	0
115-4285-000	Filing Fees - PHV	5,000	5,500	500
115-4310-000	Interest - Judgments	750	750	0
115-4340-000	Judgments Collected	12,000	12,000	0
115-4490-000	Photocopies - Public Records	2,000	2,000	0
115-4565-092	Registrations - Ethics School	3,500	3,500	0
115-4580-000	Reinstatement Fees	38,000	40,000	2,000
Total Revenues		\$76,250	\$78,750	\$2,500
Salaries & Benefits				
115-6100-000	Employee Salaries - Regular	1,220,800	1,210,000	-10,800
115-6105-000	Employee Taxes & Benefits - Regular	483,800	461,300	-22,500
Total Salaries & Benefits		\$1,704,600	\$1,671,300	(\$33,300)
Direct Program Expenses				
115-7015-000	Accused Cost Bills	2,000	2,000	0
115-7090-000	Bank Fees - Credit Card Processing	50	50	0
115-7190-000	Collection Fees - Judgments	500	500	0
115-7195-000	Committee Expense	500	500	0
115-7245-092	Ethics School course-related expense	800	1,500	700
115-7265-000	Contract Services	7,000	7,000	0
115-7275-000	Court Reporter	60,000	60,000	0
115-7285-000	Custodianship Expense	2,500	2,500	0
115-7450-000	Investigation/Litigation - Disciplinary	10,000	11,500	1,500
115-7450-035	Investigation - Reinstatement	7,000	6,000	-1,000
115-7700-000	Printing	1,750	3,000	1,250
115-7765-000	Research	3,500	3,500	0
115-7930-016	Travel & Expense - SPRB	12,000	12,000	0
115-7980-000	Witness/Filing Service Fees	5,000	4,500	-500
Total Direct Program Expenses		\$112,600	\$114,550	\$1,950
General & Administrative Expenses				
115-9400-000	Messenger & Delivery Services	400	300	-100
115-9500-000	Office Supplies	7,000	7,000	0
115-9600-000	In House Printing	9,000	10,000	1,000
115-9620-000	Postage	12,000	11,500	-500
115-9640-000	Professional Dues	7,508	6,556	-952
115-9680-000	Publications & Subscriptions	6,693	6,019	-674
115-9800-000	Telephone	150	100	-50
115-9830-000	Training & Education	6,061	8,440	2,379
115-9850-000	Travel & Expense - Staff	20,002	29,417	9,415
115-9999-000	Miscellaneous Expense	500	500	0
Total General & Administrative Expenses		\$69,314	\$79,832	\$10,518
Total Expenses		\$1,886,514	\$1,865,682	
Net Operating Revenue (Expense)		(\$1,810,264)	(\$1,786,932)	
115-9000-000	Less: Indirect Cost Allocation	\$442,948	\$361,389	
Net Revenue (Expense)		(\$2,253,212)	(\$2,148,321)	

GENERAL COUNSEL

General Counsel's Office consists of two full-time lawyers and one full-time support staff person to provide legal advice and assistance to the Board of Governors, bar committees and sections, the Client Security Fund, and the Disciplinary Board. Additional legal services provided are:

- the legal advisor to the Human Resources Director and other managers on personnel issues;
- drafts and reviews contracts between the bar and sections and its vendors, tenants and contractors, and represent the bar's interests in non-disciplinary litigation;
- administers the OSB Fee Arbitration Program, oversees the operations of the Client Assistance Office and the Mandatory Continuing Legal Education Office, and serves as the Disciplinary Board Clerk's Office;
- provides support to the Unlawful Practice of Law Committee, the Legal Ethics Committee, the State Lawyers Assistance Committee, and BOG Task Forces.

Notable changes in the General Counsel Office budget are:

- The Contract Services-Legal line item reflects a \$10,000 decrease from 2013. This account is used to pay for outside legal counsel in more complex litigation and other matters that require specialized expertise. The \$30,000 amount now in the 2014 budget has been enough to pay for outside legal fees since 2008.
- The bar maintains a reserve for Contract Legal Fees. The balance of this reserve at October 31 is \$172,819 and is maintained for costs for extraordinary legal challenges.
- The travel expense line item is increased moderately to account for the added responsibility of General Counsel for attending the Legal Ethics Committee meetings, two of which are outside the Portland metropolitan area and attendance at OLIO.

Account #	Account Description	Current Budget	2014 Budget	Budget Inc / Dec
Revenues				
117-4285-000	Filing Fees - Fee Arbitration	2,500	2,500	0
Total Revenues		\$2,500	\$2,500	\$0
Salaries & Benefits				
117-6100-000	Employee Salaries - Regular	260,100	283,900	23,800
117-6105-000	Employee Taxes & Benefits - Regular	103,100	108,200	5,100
Total Salaries & Benefits		\$363,200	\$392,100	\$28,900
Direct Program Expenses				
117-7195-069	UPL Committee Expense	300	300	0
117-7265-000	Contract Services-Legal	40,000	30,000	-10,000
117-7265-069	Legal & Contract Services - UPL	3,000	3,000	0
117-7650-000	Pamphlet Production - Fee Arbitration	100	100	0
117-7710-060	Publication - Disciplinary Board Reporter	350	350	0
117-7765-000	Research	1,000	1,200	200
117-7930-060	Travel & Expense - Disciplinary Board	8,500	8,500	0
Total Direct Program Expenses		\$53,250	\$43,450	(\$9,800)
General & Administrative Expenses				
117-9400-000	Messenger & Delivery Services	100	100	0
117-9500-000	Office Supplies	400	400	0
117-9600-000	In House Printing	1,500	1,500	0
117-9620-000	Postage	1,500	1,500	0
117-9640-000	Professional Dues	2,164	2,194	30
117-9680-000	Publications & Subscriptions	2,875	3,145	270
117-9800-000	Telephone	100	200	100
117-9800-069	Telephone - UPL	150	200	50
117-9830-000	Training & Education	2,000	2,000	0
117-9850-000	Travel & Expense - Staff	4,592	4,688	96
117-9999-000	Miscellaneous Expense	300	300	0
Total General & Administrative Expenses		\$15,681	\$16,227	\$546
Total Expenses		\$432,131	\$451,777	
Net Operating Revenue (Expense)		(\$429,631)	(\$449,277)	
117-9000-000	Less: Indirect Cost Allocation	\$76,588	\$74,804	
Net Revenue (Expense)		(\$506,219)	(\$524,081)	

GOVERNANCE

The Governance budget includes expenses for the House of Delegates' regional and annual meetings; travel and meeting expenses for the Board of Governors; travel and expense for the President and President-Elect; salaries and expenses for the Executive Director and Executive Assistant; and partial reimbursement for the OSB's ABA Delegates.

The largest program expense is for the costs of the Board of Governors' meetings. This cost is expected to be higher in 2014 due to travel reimbursement of board members.

- The Sponsorship budget is increased by \$2,500 to \$10,000 based on 2013 event and participation activity.
- The Executive Director Special Projects line item varies year over year based on new or special events or activities developed by the Executive Director.
- The \$5,000 line item for Insurance is the annual premium for Directors and Officers Insurance.

Account #	Account Description	Current Budget	2014 Budget	Budget Inc / Dec
Salaries & Benefits				
107-6100-000	Employee Salaries - Regular	222,100	218,000	-4,100
107-6105-000	Employee Taxes & Benefits - Regular	88,000	83,100	-4,900
Total Salaries & Benefits		\$310,100	\$301,100	(\$9,000)
Direct Program Expenses				
107-7150-021	Pres/Pres Elect Taxable Spouse Exp	3,700	3,700	0
107-7150-022	BOG Conference Travel - President	12,000	12,000	0
107-7150-023	BOG Conference Travel - President-Elect	9,400	9,400	0
107-7150-024	BOG Officer Allowance - Local Bar Visits	3,500	3,000	-500
107-7150-027	BOG Members - WSBC Conference Travel	7,000	6,000	-1,000
107-7290-000	Delegate Expense - ABA	6,000	6,000	0
107-7395-000	Gifts & Awards	2,000	2,000	0
107-7445-000	Insurance	0	5,000	5,000
107-7538-000	Local Bar & Special BOG Events	16,400	13,000	-3,400
107-7590-172	Meeting - House of Delegates	3,000	3,000	0
107-7851-018	Exec. Dir. Special Projects	12,500	12,500	0
107-7860-000	Sponsorships Event Attendance	7,500	10,000	2,500
107-7885-016	Telephone - BOG	800	650	-150
107-7930-xxx	Travel & Expense - ALL	62,500	66,500	4,000
Total Direct Program Expenses		\$146,300	\$152,750	\$6,450
General & Administrative Expenses				
107-9400-000	Messenger & Delivery Services	200	200	0
107-9500-000	Office Supplies	1,000	500	-500
107-9600-000	In-House Printing	1,500	500	-1,000
107-9600-172	In House Printing - House of Delegates	500	150	-350
107-9620-000	Postage	3,000	2,000	-1,000
107-9620-172	Postage - House of Delegates	500	250	-250
107-9640-000	Professional Dues	1,800	1,800	0
107-9680-000	Publications & Subscriptions	250	250	0
107-9800-000	Telephone	500	375	-125
107-9830-000	Training & Education	3,750	3,750	0
107-9850-000	Travel & Expense - Staff	13,178	13,233	55
Total General & Administrative Expenses		\$26,178	\$23,008	(\$3,170)
Total Expenses		\$482,578	\$476,858	
Net Operating Revenue (Expense)		(\$482,578)	(\$476,858)	
107-9000-000	Less: Indirect Cost Allocation	\$72,433	\$73,242	
Net Revenue (Expense)		(\$555,011)	(\$550,100)	

LEGAL PUBLICATIONS

The Legal Publications Department is responsible for revising and updating 37 publications, the *Uniform Civil and Criminal Jury Instructions*, and the *Disciplinary Board Reporter* and posts all these books to the BarBooks™ online library, in addition to the Public Affairs Department publication *Oregon Legislation Highlights* and three Professional Liability Fund books.

In 2014, Legal Publications will release supplements to the *Uniform Civil and Criminal Jury Instructions* and *Oregon Formal Ethics Opinions*, a new book titled *Appeal and Review: Advanced Topics, Environmental Law vol. 2*, a complete revision of *Criminal Law*, a revision of *Creditors' Rights and Remedies* that will include several chapters from *Foreclosing Security Interests*, and a 5-volume *Oregon Real Estate Deskbook* that will replace the five current real estate series titles and include several chapters from *Foreclosing Security Interests*.

Sources of department revenue include:

Print books

- New print titles are sold on a pre-order basis to avoid excess inventory.
- Sales data indicates that new titles are selling at a rate of 25% to 38% of pre-BarBooks™ sales. These figures have been used to project print book revenue for 2014.
- In 2011, 2012, and 2013, sales of older titles has consistently been \$3,000 per month.

BarBooks™ subscriptions

- Staff accounts are sold to law firms for \$50.00 per year.
- The State of Oregon Law Library pays \$3,275 per year for access to BarBooks™ for state employees who log in through the library portal page.
- The three Oregon law schools each pay \$1,500 per year for access to BarBooks™ for their students and faculty through their law school portal page.
- At least 12 county law libraries subscribe to BarBooks™ at a rate of \$295 per computer.

Licensing agreements

- Legal Publications receives \$6,500 per year for licensing *Uniform Civil and Criminal Jury Instructions* to Bloomberg Law for inclusion in its online database product.
- Legal Publications will receive \$26,000 per year for licensing the remainder of our books to Bloomberg Law beginning in 2014. The agreement has a 3-year term that is renewable.
- Legal Publications receives a 20% royalty on the revenue attributed to subscription access to our *Uniform Civil and Criminal Jury Instructions* from LexisNexis. This agreement has a 5-year term that is renewable. It is too early to determine the potential revenue.

Major department expenses other than personnel include:

- **Printing** – 2014 printing expenses are projected to be similar to 2013 as at least two bids for each print project are obtained to ensure the best price and quality.
- **Indexing** – Indexing is outsourced at a rate of \$2.90 per page.
- **Contract Services** – Copyediting is outsourced at a rate of \$4.00 per page. These costs are projected to be higher than 2013 primarily due to projection of increased productivity by the in-house substantive attorney editors.
- **Research** – WestlawNext and Westlaw Drafting Assistant allow the attorney editors to be more efficient and accurate in their substantive editing of chapters.
- **Supplies** – Generic 3-ring binders used for most of our publications.

Account #	Account Description	Current Budget	2014 Budget	Budget Inc / Dec
Revenues				
111-4175-000	Copyright Revenue	0	26,000	26,000
111-4235-000	Discounts on Sales	-1,500	-750	750
111-4290-000	Freight charge revenue	7,000	9,700	2,700
111-4610-555	Royalties - UCJI	3,250	3,450	200
111-4610-565	Royalties - UCrJI	3,250	3,450	200
111-4620-xxx	Sales - ALL	217,865	263,777	45,912
111-4625-xxx	Sales - Online - ALL	16,175	16,175	0
Total Revenues		\$246,040	\$321,802	\$75,762
Salaries & Benefits				
111-6100-000	Employee Salaries - Regular	413,500	418,500	5,000
111-6105-000	Employee Taxes & Benefits - Regular	163,900	159,500	-4,400
Total Salaries & Benefits		\$577,400	\$578,000	\$600
Direct Program Expenses				
111-7040-000	Annual Event	2,150	1,150	-1,000
111-7090-000	Bank Fees - Credit Card Processing	2,000	1,700	-300
111-7205-083	Computer Software	144	144	0
111-7265-xxx	Contract Services - ALL	18,000	23,600	5,600
111-7430-xxx	Indexing - ALL	19,500	16,725	-2,775
111-7575-xxx	Marketing - ALL	200	200	0
111-7700-xxx	Printing Services - ALL	31,981	48,148	16,167
111-7765-000	Research	18,000	18,000	0
111-7850-000	Special Projects	100	100	0
111-7875-xxx	Supplies - ALL	5,000	3,000	-2,000
111-7999-xxx	Miscellaneous Expense - ALL	3,200	2,910	-290
Total Direct Program Expenses		\$100,275	\$115,677	\$15,402
General & Administrative Expenses				
111-9500-000	Office Supplies	400	300	-100
111-9600-000	In House Printing	100	100	0
111-9620-000	Postage	9,000	9,000	0
111-9640-000	Professional Dues	3,955	4,225	270
111-9660-000	Provision for Bad Debts	200	200	0
111-9680-000	Publications & Subscriptions	1,875	1,875	0
111-9800-000	Telephone	550	575	25
111-9830-000	Training & Education	1,300	1,380	80
111-9850-000	Travel & Expense - Staff	4,418	3,872	-546
Total General & Administrative Expenses		\$21,798	\$21,527	(\$271)
Total Expenses		\$699,473	\$715,204	
Net Operating Revenue (Expense)		(\$453,433)	(\$393,402)	
111-9000-000	Less: Indirect Cost Allocation	\$278,020	\$260,816	
Net Revenue (Expense)		(\$731,453)	(\$654,218)	

PROGRAMS

LOAN REPAYMENT ASSISTANCE PROGRAM (LRAP)

The mission of the Loan Repayment Assistance Program is to attract and retain public service lawyers by helping them pay their educational debt. The Program will make a forgivable loan up to \$5,000 per year per program participant for a maximum of three consecutive years.

The revenues to fund this program are \$5.00 allocated from each active member fee. Twenty-two participants received grants during the current year.

By previous board action, no administrative costs including .1 FTE staff time are allocated to the program. These costs are included in the Special Projects portion of the budget.

Account #	Account Description	Current Budget	2014 Budget	Budget Inc / Dec
<i>Revenues</i>				
106-4310-000	Interest - Fund Balance	500	500	0
106-4405-000	Membership Fees - LRAP	73,300	74,400	1,100
Total Revenues		\$73,800	\$74,900	\$1,100
<i>Direct Program Expenses</i>				
106-7183-000	LRAP Loan Disbursements	84,000	88,000	4,000
Total Direct Program Expenses		\$84,000	\$88,000	\$4,000
Total Expenses		\$84,000	\$88,000	
Net Operating Revenue (Expense)		(\$10,200)	(\$13,100)	
106-9000-000	<i>Less: Indirect Cost Allocation</i>			
Net Revenue (Expense)				

MINIMUM CONTINUING LEGAL EDUCATION (MCLE)

The MCLE program is responsible for ensuring Oregon bar members comply with the requirements set forth in the MCLE rules.

The source of revenue is program sponsor fees and late fees.

- Sponsors applying for CLE accreditation pay a program sponsor fee of \$75.00 (for programs more than four credit hours) or \$40 (for programs four or fewer credit hours).
- A \$40.00 late fee is paid if the application is received more than 30 days after the program date. OSB members pay a late fee for failing to file their compliance report by the January 31 filing deadline (late fee starts at \$50.00 and increases in \$50.00 increments) or for failing to complete the minimum credit requirement by the end of the reporting period (late fee starts at \$200.00 and increases in \$50.00 increments).

Revenue from member late fees and program sponsor fees for 2014 is \$4,300 lower than 2013 based on the lower than expected revenue in 2013.

Duties of the department are to:

- process approximately 8,000 applications for CLE credit throughout the year.
- process approximately 5,000 compliance reports each year with approximately 95% of those reports being processed in December, January and February.
- conduct compliance report audits each spring.
- work with the MCLE Committee to propose rule and regulation amendments.
- gather attendance information for posting to member transcripts.

Due to the high volume of compliance reports and accreditation applications processed in December and January, an additional 20 hours per week for 10 weeks for temporary staffing are added to the 2014 budget.

The majority of compliance reports are sent via email requiring little cost for printing and postage. The Oregon Supreme Court recently approved rule amendments which allow the department to send Notices of Noncompliance via regular mail rather than certified mail. With this change, the postage budget for 2014 has been reduced by \$1,500.

Account #	Account Description	Current Budget	2014 Budget	Budget Inc / Dec
<i>Revenues</i>				
121-4355-000	Late Fees	61,500	57,800	-3,700
121-4355-045	Late Fees - Sponsors	8,500	8,500	0
121-4550-000	Sponsorship Fees	234,600	234,000	-600
Total Revenues		\$304,600	\$300,300	(\$4,300)
<i>Salaries & Benefits</i>				
121-6100-000	Employee Salaries - Regular	110,000	112,000	2,000
121-6105-000	Employee Taxes & Benefits - Regular	43,600	42,700	-900
121-6200-000	Employee Salaries - Temporary	4,080	6,528	2,448
121-6205-000	Employee Taxes & Benefits - Temporary	408	653	245
Total Salaries & Benefits		\$158,088	\$161,881	\$3,793
<i>Direct Program Expenses</i>				
121-7090-000	Bank Fees - Credit Card Processing	1,500	1,500	0
Total Direct Program Expenses		\$1,500	\$1,500	\$0
<i>General & Administrative Expenses</i>				
121-9500-000	Office Supplies	700	700	0
121-9600-000	In House Printing	750	500	-250
121-9620-000	Postage	7,500	6,000	-1,500
121-9640-000	Professional Dues	500	500	0
121-9800-000	Telephone	150	100	-50
121-9830-000	Training & Education	750	900	150
121-9850-000	Travel & Expense - Staff	3,161	2,841	-320
121-9999-000	Miscellaneous Expense	50	50	0
Total General & Administrative Expenses		\$13,561	\$11,591	(\$1,970)
Total Expenses		\$173,149	\$174,972	
Net Operating Revenue (Expense)		\$131,451	\$125,328	
121-9000-000	<i>Less: Indirect Cost Allocation</i>	\$69,384	\$70,759	
Net Revenue (Expense)		\$62,067	\$54,569	

MEMBER SERVICES

The Member Services Department provides administrative support services to the bar's 41 sections and 20 committees. These services include:

- the scheduling of meeting rooms and maintenance of rosters;
- recruitment and appointment of volunteers;
- distribution of meeting and event notices;
- bar leadership training;
- administering the staff liaison network;
- compiling annual reports.

Similar services also are provided to several county and specialty bar associations.

The department is responsible for administering the bar's elections and judicial preference polls and providing staff assistance to the Board Development Committee of the Board of Governors.

In the past the department held an annual Conference of Bar Leaders to provide information to incoming committee, section, and county bar leaders. Declining attendance at the conference provided us the opportunity to transform this event into a series of conference calls and online information for volunteer leaders. This change in format has allowed a \$4,000 reduction to the department budget.

The department has continued to reduce its use of printed event announcements, election materials, and new member information. As such postage, printing, and supplies line items are lower by \$9,500 for 2014.

Account #	Account Description	Current Budget	2014 Budget	Budget Inc / Dec
Salaries & Benefits				
125-6100-000	Employee Salaries - Regular	139,800	117,100	-22,700
125-6105-000	Employee Taxes & Benefits - Regular	55,400	44,600	-10,800
125-6200-000	Employee Salaries - Temporary	2,340	6,680	4,340
125-6205-000	Employee Taxes & Benefits - Temporary	234	668	434
Total Salaries & Benefits		\$197,774	\$169,048	(\$28,726)
Direct Program Expenses				
125-7040-000	Annual Event	5,000	1,000	-4,000
125-7195-093	Professionalism Commission Expenses	250	250	0
125-7265-000	Contract Services - State Lawyers Assistance Commi	0	2,500	2,500
125-7620-000	Local & Speciality Bar Outreach	3,000	500	-2,500
125-7885-000	Telephone - Committee Expense	3,500	3,500	0
125-7930-048	Committee and Section Liaison Travel & Expense	3,500	3,500	0
125-7999-000	Miscellaneous Expense	1,000	500	-500
Total Direct Program Expenses		\$16,250	\$11,750	(\$4,500)
General & Administrative Expenses				
125-9500-000	Office Supplies	1,500	1,000	-500
125-9600-000	In House Printing	5,000	500	-4,500
125-9620-000	Postage	5,000	500	-4,500
125-9640-000	Professional Dues	115	115	0
125-9680-000	Publications & Subscriptions	60	60	0
125-9800-000	Telephone	300	300	0
125-9830-000	Staff Training & Education	1,200	800	-400
125-9850-000	Staff Travel & Expense	800	1,822	1,022
Total General & Administrative Expenses		\$13,975	\$5,097	(\$8,878)
Total Expenses		\$227,999	\$185,895	
Net Operating Revenue (Expense)		(\$227,999)	(\$185,895)	
125-9000-000	Less: Indirect Cost Allocation	\$81,592	\$102,649	
Net Revenue (Expense)		(\$309,591)	(\$288,544)	

NEW LAWYER MENTORING PROGRAM

The New Lawyer Mentor Program remains in its early stages of development and the understanding of program dynamics continue to evolve. One full cycle is completed and nearing completion of the second full cycle of mentoring partnerships.

A key development in the 2014 budget arises from revenue projections being less than 2013. The sole revenue comes from the \$100.00 program fee paid by new lawyers upon completion of the program. The 2012/13 participants were considerably fewer than projected. This lower number was due to the poor job market for the bar's newest members, which caused many to either delay swearing-in to the bar (to postpone paying dues), or to defer participation in the NLMP. Deferral is an option for any New Lawyer not practicing law in Oregon.

Many 2012 and even 2011 members remain in that deferred status for NLMP. Still others commenced their program participation late so have not completed the program and paid their fee.

Several members currently are operating under a December 31, 2013 deadline and those revenues are anticipated by the end of 2013. However, 2013 revenue will come in under budget.

2014 projections are adjusted accordingly (200 are expected to complete the program in 2014), though it may take several cycles before an accurate projection of trends regarding enrollment, deferrals, completions, and fee payments can be defined.

The program evaluations indicate strong program satisfaction with several suggestions for modification. The two key needing enhancements, and for which the \$1,200 in Special Projects is earmarked, are: 1) increased communications with participants; and 2) increased programming for participants.

Additional communication vehicles have been developed and program projects are in development, but no significant budget impact is expected to achieve those goals.

Account #	Account Description	Current Budget	2014 Budget	Budget Inc / Dec
<i>Revenues</i>				
116-4565-000	NLMP Registration Fee Revenue	40,000	20,000	-20,000
Total Revenues		\$40,000	\$20,000	(\$20,000)
<i>Salaries & Benefits</i>				
116-6100-000	Employee Salaries - Regular	99,900	101,900	2,000
116-6105-000	Employee Taxes & Benefits Regular	39,600	38,800	-800
Total Salaries & Benefits		\$139,500	\$140,700	\$1,200
<i>Direct Program Expenses</i>				
116-7085-000	Lawyer Mentoring Program-Video	50	100	50
116-7090-000	Bank Fees - credit card	0	50	50
116-7620-000	Mentor Outreach	600	600	0
116-7670-000	Postage-Program related	300	300	0
116-7700-000	Printing Services	500	500	0
116-7850-000	Special Projects-	500	1,200	700
116-7930-000	Volunteer/Member Travel & Expense	200	200	0
Total Direct Program Expenses		\$2,150	\$2,950	\$800
<i>General & Administrative Expenses</i>				
116-9600-000	Photocopying	0	50	50
116-9640-000	Professional Dues	150	150	0
116-9800-000	Telephone	200	200	0
116-9850-000	Staff Travel & Expense	1,298	1,490	192
Total General & Administrative Expenses		\$1,648	\$1,890	\$242
Total Expenses		\$143,298	\$145,540	
Net Operating Revenue (Expense)		(\$103,298)	(\$125,540)	
116-9000-000	<i>Less: Indirect Cost Allocation</i>	\$45,820	\$50,467	
Net Revenue (Expense)		(\$149,118)	(\$176,007)	

NEW LAWYERS DIVISION (ONLD)

Every lawyer who has practiced six years or less, or is 36 years old or younger (whichever is later) is automatically a member of the ONLD. The ONLD represents over 3,500 lawyers (approximately 25% of the bar) and is the only bar division.

The mission of the ONLD is to assist new lawyers with the transition to practicing law in Oregon, either from law school or from a practice in another jurisdiction; conduct programs of value to new lawyers and law students; promote public awareness and access to justice; provide opportunities for community service and public outreach; provide opportunities for leadership; and promote professionalism among new lawyers.

The goals of the ONLD are set by its members and acted upon by the Executive Committee and five subcommittees. The Executive Committee is made up of eleven members, seven regional members (one from each bar region), four at-large members, and is governed by a chair, chair-elect, secretary and treasurer, all of whom are elected by the ONLD membership at the annual meeting.

The ONLD receives its funding from the bar's general fund and is supported by .8 FTE.

The ONLD budget underwent major restructuring to provide more insight to the type of expense rather than listing expenses by the event or activity. The budget is essentially the same overall dollar amount with two exceptions:

- An increase of \$2,500 in out of state travel expenses for the ONLD chair or his designee to attend the Western State's Bar Conference.
- The bar is moving registration services to a contracted vendor. All ONLD CLE programs and events requiring registration services will now incur a \$2.00 per registrant fee, a cost increase of \$1,200 for this change.
- Numerous expense accounts were added and deleted or renamed for the 2014 budget, so not all accounts are comparable year to year. The totals are correct, but some individual line items have been comingled.

Account #	Account Description	Current Budget	2014 Budget	Budget Inc / Dec
Revenues				
124-4348-000	Registrations- Portland Lunch Series	1,800	2,500	700
124-4550-000	Sponsorship- Annual Events	0	50	50
124-4550-100	Sponsorships -Practical Skills Events	500	50	-450
124-4550-200	Sponsorships-Special Events & Projects	0	50	50
124-4565-000	Registrations - Out of Town CLEs	400	500	100
124-4565-100	Registrations -ONLD Special Events & Projects	100	1,000	900
124-4565-200	Registrations-Super Saturday CLE	1,200	2,500	1,300
Total Revenues		\$4,000	\$6,650	\$2,650
Salaries & Benefits				
124-6100-000	Employee Salaries - Regular	42,900	46,700	3,800
124-6105-000	Employee Taxes & Benefits - Regular	17,000	17,800	800
Total Salaries & Benefits		\$59,900	\$64,500	\$4,600
Direct Program Expenses				
124-7040-000	Annual Meeting	2,500	3,000	500
124-7090-000	Bank Fees - Credit Card Processing	100	150	50
124-7165-000	Catering-Events	0	9,200	9,200
124-7245-000	CLE Accreditation Fees	3,000	350	-2,650
124-7265-000	Contract Services - Event Registration Service Fee	0	1,200	1,200
124-7395-000	Awards	0	2,000	2,000
124-7575-000	Marketing	0	1,000	1,000
124-7585-000	New Member Welcome	8,500	3,000	-5,500
124-7590-000	Meeting Expense - OSB/Portland	0	500	500
124-7590-100	Meeting Expense - Off Site	0	17,500	17,500
124-7590-200	Board Meeting Expense - travel and expense reimbur	0	9,000	9,000
124-7590-300	Board Expense - Subcommittee meeting and event rei	0	2,100	2,100
124-7700-000	Photocopying & Printing Services	0	2,000	2,000
124-7850-000	Special Events & Projects	1,700	2,000	300
124-7860-000	Sponsorships	0	3,000	3,000
124-7885-000	Telephone	0	200	200
124-7930-000	Board Retreat	27,000	4,500	-22,500
124-7930-028	Board Travel Reimbursements - ABA Young Lawyer Div	0	12,000	12,000
124-7930-100	Board Travel Reimbursements - Western States Bar C	0	2,500	2,500
124-7975-000	Volunteer Recognition	0	1,000	1,000
124-7999-000	Miscellaneous Expense	0	1,000	1,000
Total Direct Program Expenses		\$42,800	\$77,200	\$34,400
General & Administrative Expenses				
124-9400-000	Messenger & Delivery Services	80	80	0
124-9500-000	Office Supplies	600	600	0
124-9620-000	Postage	1,000	1,000	0
124-9850-000	Travel & Expense - Staff	2,000	2,000	0
124-9999-000	Miscellaneous Expense	2,000	1,000	-1,000
Total General & Administrative Expenses		\$5,680	\$4,680	(\$1,000)
Total Expenses		\$108,380	\$146,380	
Net Operating Revenue (Expense)		(\$104,380)	(\$139,730)	
124-9000-000	<i>Less: Indirect Cost Allocation</i>	\$39,269	\$45,830	
Net Revenue (Expense)		(\$143,649)	(\$185,560)	

PUBLIC AFFAIRS

The Public Affairs Department works to apply the knowledge and experience of the legal profession to the public good by advising governmental bodies, proposing legislation for law improvement and advocating on matters that affect the legal profession. The Public Affairs law improvement program works primarily with sections and committees to identify, monitor, and formulate responses to substantive legislative issues. Public Affairs also works with bar priorities related to funding for the courts, low income legal services, both civil and criminal, as well as identifies and responds to significant public policy issues that affect the practice of law and the bar.

The move to Annual Sessions with legislative hearing days every other month has increased workload requirements and bar interaction with the executive, legislative and judicial branches. The two-year biennial cycle consists of 35 day sessions in even -numbered years followed by a longer, 120 day session in odd-numbered years. In addition, Public Affairs is involved in numerous task forces and special projects related to issues of importance to the legal profession and the practice of law including implementation of Oregon e-Court, judicial selection, and court funding.

- Legislation tracking services will decrease as the bar is in the process of building the Public Affairs Department a database for bill tracking. This is used in tracking bills for members, sections and committees, the department and the Board of Governors.
- With annual legislative sessions travel and other costs associated with the longer session are greater than during the short session.
- During the Legislative Interim Days every other month for three days, the Public Affairs Department works on interim workgroups with the legislature. During this short interim, the bar has been assigned the task of working with five legislatively created workgroups, in addition to other existing workgroups. These are SB 798 re alternate juror in criminal cases, 799 re attorney withdrawal, 812 re judge affidavit in rural county, HB 2205 re definition of elder abuse and HB 3363 re Court Appointed Special Advocate structure.

Account #	Account Description	Current Budget	2014 Budget	Budget Inc / Dec
Salaries & Benefits				
119-6100-000	Employee Salaries - Regular	325,700	318,500	-7,200
119-6105-000	Employee Taxes & Benefits - Regular	129,100	121,400	-7,700
Total Salaries & Benefits		\$454,800	\$439,900	(\$14,900)
Direct Program Expenses				
119-7090-000	Bank Fees - Credit cards	50	50	0
119-7195-066	Committee - Public Affairs/Appellate Screening	3,500	3,500	0
119-7620-xxx	Outreach Programs - ALL	23,200	16,300	-6,900
119-7700-000	Public Affairs-Printing Services-	150	150	0
119-7765-000	Research	100	100	0
119-7780-000	Rent - Office Space	2,400	150	-2,250
119-7999-000	Miscellaneous Expenses	500	500	0
Total Direct Program Expenses		\$29,900	\$20,750	(\$9,150)
General & Administrative Expenses				
119-9500-000	Office Supplies	700	700	0
119-9600-000	In House Printing	1,200	600	-600
119-9620-000	Postage	700	500	-200
119-9640-000	Professional Dues	3,406	3,951	545
119-9680-000	Publications & Subscriptions	2,970	1,910	-1,060
119-9800-000	Telephone	2,500	3,000	500
119-9830-000	Training & Education	4,700	4,500	-200
119-9850-000	Travel & Expense - Staff	16,179	16,977	798
119-9999-000	Miscellaneous Expense	500	500	0
Total General & Administrative Expenses		\$32,855	\$32,638	(\$217)
Total Expenses		\$517,555	\$493,288	
Net Operating Revenue (Expense)		(\$517,555)	(\$493,288)	
119-9000-000	<i>Less: Indirect Cost Allocation</i>	\$98,197	\$91,614	
Net Revenue (Expense)		(\$615,752)	(\$584,902)	

REFERRAL INFORMATION SERVICES (RIS)

The Lawyer Referral Service (LRS) is the oldest and largest program of the Referral and Information Services Department (RIS) and the only one that produces revenue. RIS also includes the Modest Means Program, Problem Solvers, Lawyer to Lawyer and the Military Assistance Panel.

Revenue from the new funding model began in October 2012. This revenue for the three months in 2013 was \$41,010, an average of \$13,670 per month, but still more than expected for the start of the program. Through ten months of 2013 this revenue is \$302,475 – an average of \$30,200 a month and far exceeding expectations. While the revenue generated greatly exceeded projections making long-term projections still is premature. For the 2014 budget, the 2013 monthly average is used to project percentage fee revenue of \$360,000, a conservative number based on 2013 activity, but considerably higher than the \$293,000 in the initial budget draft.

If the \$360,000 revenue target is attained in 2014, this means participating members have earned fees totaling \$3,000,000.

RIS continues to implement a new database program that currently provides only basic functionality, including new LRS reporting and payment obligations. Implementation is heavily focused on addressing ongoing delays in software development and regression testing. Recognizing these issues, in late 2012 the software company suspended RIS's obligation to pay subscription license fee payments for several months and entered into a modified Statement of Work which ties seven packages of software enhancements to incentive payments for work completed and accepted within stated timeframes (a total of \$20,000, some of which are to be completed before the end of 2013). The 2014 budget contains the remainder of these incentive payments.

The economic downturn has continued to affect LRS revenue. Call volume remains lower than historical norms, meaning LRS provides fewer referrals to panelists and thus may receive less percentage fee revenue. Panelist enrollment remains strong. Similarly, new admittee registrations remain high as they search for a constant source of cases to build their practice. The result is increased LRS registration revenue and a lower referral-to-panelist ratio, which could decrease panelist satisfaction with the number of referrals received.

An impact of implementation challenges are higher personnel costs. Public follow-up, a key component of successful LRS programs nationwide and important check on lawyer reporting compliance, has not yet been implemented and will require consistent, dedicated staff time. Moreover, as the economy begins to recover and as RIS seeks to increase marketing, call volume should increase, which also necessitates a sufficient level of staff on the phones. As the percentage fee revenue model matures, implementation concludes, and systems and processes stabilize in the next 2-3 years, RIS is projected to function with less staff resources.

Marketing and printing expenses will remain unchanged to continue implementation of RIS's multi-year grassroots marketing campaign and hopefully increase the number of referrals per lawyer. Marketing has included the distribution of posters and business cards to trial courts, tribal courts, libraries, social service organizations, state and municipal government offices, and police precincts.

RIS's projected net expense after ICA for 2013 will be at its lowest level since 1999.

Account #	Account Description	Current Budget	2014 Budget	Budget Inc / Dec
<i>Revenues</i>				
128-4185-000	LRS referral commisions	55,000	360,000	305,000
128-4565-000	LRS Registrations	115,500	115,500	0
Total Revenues		\$170,500	\$475,500	\$305,000
<i>Salaries & Benefits</i>				
128-6100-000	Employee Salaries - Regular	232,800	313,900	81,100
128-6105-000	Employee Taxes & Benefits - Regular	92,300	119,700	27,400
128-6200-000	Employee Salaries - Temporary	4,960	6,470	1,510
128-6205-000	Employee Taxes & Benefits - Temporary	496	647	151
Total Salaries & Benefits		\$330,556	\$440,717	\$110,161
<i>Direct Program Expenses</i>				
128-7025-000	Advertising - Promotions	5,000	5,000	0
128-7090-000	Bank Fees - Credit Card Processing	2,000	1,800	-200
128-7265-088	Contract Service-LRS Software	7,680	22,440	14,760
128-7700-000	Printing	1,000	1,000	0
128-7885-000	Telephone - Lawyer Referral	17,000	19,000	2,000
Total Direct Program Expenses		\$32,680	\$49,240	\$16,560
<i>General & Administrative Expenses</i>				
128-9500-000	Office Supplies	1,000	800	-200
128-9600-000	In House Printing	800	800	0
128-9620-000	Postage	3,500	3,800	300
128-9640-000	Professional Dues	867	882	15
128-9680-000	Publications & Subscriptions	300	300	0
128-9800-000	Telephone	0	50	50
128-9830-000	Training & Education	1,500	1,500	0
128-9850-000	Travel & Expense - Staff	2,000	2,112	112
128-9999-000	Miscellaneous Expense	200	200	0
Total General & Administrative Expenses		\$10,167	\$10,444	\$277
Total Expenses		\$373,403	\$500,401	
Net Operating Revenue (Expense)		(\$202,903)	(\$24,901)	
128-9000-000	<i>Less: Indirect Cost Allocation</i>	\$161,226	\$143,755	
Net Revenue (Expense)		(\$364,129)	(\$168,656)	

SPECIAL PROJECTS

Special Projects is a collection of bar activities or grants that are not applicable to a specific bar program. These projects are:

- grants to the Campaign for Equal Justice (\$45,000), the Classroom Law Project (\$20,000), and the Council on Court Procedures (\$4,000). These grants have been in the budget at the same amounts for several years.
- the annual cost of the Fastcase legal research library available as a member benefit for all active OSB members;
- since 2011, \$10,000 has been a placeholder amount for the Senior Lawyers task force which was never implemented and now is removed since there are no plans to implement;
- the personnel and administrative costs of the Loan Repayment Assistance Program.

Revenue recorded here is the \$200,000 grant from the PLF for BarBooks.

Account #	Account Description	Current Yr Budget	2014 Budget	Budget Inc / Dec
<i>Revenues</i>				
140-4190-321	Grants Received - PLF	\$200,000	\$200,000	0
140-4998-000	Transfer from Reserves	\$100,000	\$0	-100,000
Total Revenues		\$300,000	\$200,000	-100,000
<i>Salaries & Benefits</i>				
140-6100-000	Salaries - LRAP	\$11,400	\$11,500	100
140-6105-000	Employee Taxes & Benefits - Regular-LRAP	\$4,500	\$4,400	-100
140-6150-000	Board Designated awards	\$0	\$0	0
Total Salaries & Benefits		\$15,900	\$15,900	0
<i>Direct Program Expenses</i>				
140-7195-079	Council on Court Procedures	\$4,000	\$4,000	0
140-7245-028	ABA Young Lawyers Division Conference	\$0	\$0	0
140-7250-000	Contingency	\$25,000	\$0	-25,000
140-7250-013	Reinstatements - Prior YR's Reinst Fee Refunds	\$0	\$0	0
140-7265-216	Casemaker	\$114,600	\$99,000	-15,600
140-7265-218	Casemaker	\$0	\$0	0
140-7270-034	Contributions-Classroom Law Project	\$20,000	\$20,000	0
140-7270-055	Contributions-Campaign for Equal Justice	\$45,000	\$45,000	0
140-7270-066	Contributions - ProBono Recognition	\$5,000	\$5,000	0
140-7590-000	LRAP Meeting Exp	\$200	\$200	0
140-7770-013	Reinstatements - Prior YR's Reinst. Fee Refunds	\$0	\$0	0
140-7850-103	Special Projects - Diversity Convocation	\$0	\$0	0
140-7850-310	Special Projects - Senior Lawyers	\$10,000	\$0	-10,000
140-7850-312	Special Projects - Remote Communications	\$0	\$0	0
140-7870-000	Economic Survey	\$0	\$0	0
Total Direct Program Expenses		\$223,800	\$173,200	-50,600
<i>General & Administrative Expenses</i>				
140-9600-000	LRAP Photocopy Expense	\$250	\$250	0
140-9620-000	LRAP Postage	\$50	\$50	0
140-9800-000	LRAP- Telephone	\$50	\$25	-25
140-9999-000	Contingency Reserve	\$0	\$0	0
Total General & Administrative Expenses		\$350	\$325	-25
Total Expenses		\$240,050	\$189,425	
Net Operating Revenue (Expense)		\$59,950	\$10,575	

CLIENT SECURITY FUND

The Client Security Fund is established by Oregon Statutes and the key financial statutes are:

9.625 Plan to relieve client losses; rules. The board of governors may adopt a plan to relieve or mitigate pecuniary losses to the clients of active members caused by dishonest conduct of those members in their practice of law. The plan may provide for establishing, administering and dissolving a separate fund and for payments from that fund to reimburse losses and costs and expenses of administering the fund. The board may adopt rules of procedure to carry out the plan. The insurance laws of the state shall not apply to this fund.

9.645 Annual payment by state bar members. To establish and maintain a client security fund, the board of governors may require an annual payment by each active member of the state bar. The payment authorized by this section shall be due at the same time, and enforced in the same manner, as payment of the annual membership fee.

- The Client Security Fund assessment was raised from \$15.00 to \$45.00 in 2013 to offset the large volume and size of claims. Claims Paid in 2012 were \$673,535 and \$549,880 for the first nine months of 2013.
- At the end of September 2013, the fund balance is \$198,071 with some claims still outstanding for 2013.
- The \$45.00 assessment will generate \$684,400 in revenue in 2014. If there are only \$250,000 in claims paid in 2014, the fund balance still will be below the \$500,000 reserve at year end.

Account #	Account Description	Current Budget	2014 Budget	Budget Inc / Dec
<i>Revenues</i>				
113-4310-000	Interest - Fund Balance	3,100	3,300	200
113-4340-000	Judgments Collected	4,000	1,000	-3,000
113-4405-000	Membership Fees - CSF Assessment	675,000	684,400	9,400
Total Revenues		\$682,100	\$688,700	\$6,600
<i>Salaries & Benefits</i>				
113-6100-000	Employee Salaries - Regular	28,200	30,800	2,600
113-6105-000	Employee Taxes & Benefits - Regular	11,200	11,700	500
Total Salaries & Benefits		\$39,400	\$42,500	\$3,100
<i>Direct Program Expenses</i>				
113-7185-000	Claims	200,000	250,000	50,000
113-7190-000	Collection Fees	1,000	2,000	1,000
113-7195-000	Committee Expense	250	250	0
113-7930-000	Travel & Expense - Others	1,400	1,400	0
Total Direct Program Expenses		\$202,650	\$253,650	\$51,000
<i>General & Administrative Expenses</i>				
113-9500-000	Office Supplies	150	150	0
113-9600-000	In House Printing	150	150	0
113-9620-000	Postage	500	500	0
113-9640-000	Professional Dues	200	200	0
113-9800-000	Telephone	150	150	0
113-9830-000	Training & Education	600	600	0
113-9850-000	Travel & Expense - Staff	874	874	0
Total General & Administrative Expenses		\$2,624	\$2,624	\$0
Total Expenses		\$244,674	\$298,774	
Net Operating Revenue (Expense)		\$437,426	\$389,926	
113-9000-000	<i>Less: Indirect Cost Allocation</i>	\$14,625	\$26,622	
Net Revenue (Expense)		\$422,801	\$363,304	

DIVERSITY & INCLUSION

By action of the Board of Governors, the assessment for the Diversity & Inclusion program was increased from \$30.00 to \$45.00 for over-two year members and from \$15.00 to \$25.00 for under-two year active members of the bar for 2014. The increased assessment will raise an additional \$217,400 revenue for the program in 2014. This action is still subject to approval by the House of Delegates.

Reductions were made to the program budget in 2013 to reach a budget that will not exceed the program's fund balance, which will be near \$0 at the end of 2013.

The 2014 budget will restore the department to 3 FTE and the following:

- bar exam grant funding;
- membership in professional organizations;
- promotional materials;
- community outreach and sponsorships;
- staff training.

Account #	Account Description	Current Budget	2014 Budget	Budget Inc / Dec
Revenues				
103-4190-031	Grant from OLF	1,500	500	-1,000
103-4310-000	Interest - Fund Balance	1,400	2,200	800
103-4405-000	Membership Fees - AAP Assessment	419,700	637,100	217,400
103-4550-xxx	Sponsorship Fees - ALL	50,600	55,600	5,000
103-4565-030	BOWLIO Registrations	5,000	3,500	-1,500
Total Revenues		\$478,200	\$698,900	\$220,700
Salaries & Benefits				
103-6100-000	Employee Salaries - Regular	211,400	221,800	10,400
103-6105-000	Employee Taxes & Benefits - Regular	83,900	84,600	700
103-6200-000	Employee Salaries - Temporary	0	5,067	5,067
103-6205-000	Employee Taxes & Benefits - Temporary	0	507	507
Total Salaries & Benefits		\$295,300	\$311,973	\$16,673
Direct Program Expenses				
103-7040-000	Annual Event - OLIO Spring Social	1,600	1,600	0
103-7040-030	BOWLIO annual event expenses	4,000	4,000	0
103-7040-031	OLIO Orientation event	1,000	1,000	0
103-7040-047	Employment Retreat Expenses	1,800	1,800	0
103-7165-031	Catering - OLIO Orientation	19,000	19,000	0
103-7245-074	Bar Exam Prep seminar	2,100	6,300	4,200
103-7265-000	Contract Services	1,000	2,500	1,500
103-7265-031	Contract Services - OLIO	1,200	1,500	300
103-7360-031	Facilities - OLIO Orientation	800	1,200	400
103-7375-000	Fellowship - Honors	28,800	28,800	0
103-7395-031	Gifts & Awards-OLIO	0	500	500
103-7400-074	Grants - Bar Exam	1,800	5,400	3,600
103-7495-000	Law Clerk Placement	32,000	32,000	0
103-7575-000	OLIO Promo Materials	1,500	2,000	500
103-7590-000	Meeting Expense	1,000	1,000	0
103-7620-000	Outreach/ Program Marketing	600	2,000	1,400
103-7670-031	OLIO - OLIO Postage	500	750	250
103-7730-031	Program Materials-OLIO	200	200	0
103-7815-000	Scholarships	16,000	16,000	0
103-7840-000	Speaker Expense	3,800	3,800	0
103-7845-031	Lodging - OLIO	19,000	19,000	0
103-7850-000	Special Projects - Pipeline Development	1,800	1,800	0
103-7860-000	Sponsorships	3,000	13,500	10,500
103-7930-031	Travel & Expense - OLIO	3,200	3,800	600
Total Direct Program Expenses		\$145,700	\$169,450	\$23,750
General & Administrative Expenses				
103-9500-000	Office Supplies	500	500	0
103-9600-000	In House Printing	1,000	3,000	2,000
103-9620-000	Postage	500	500	0
103-9640-000	Professional Dues	2,300	2,694	394
103-9680-000	Publications & Subscriptions	250	400	150
103-9800-000	Telephone	500	200	-300
103-9830-000	Training & Education	2,500	8,920	6,420
103-9850-000	Travel & Expense - Staff	8,000	13,085	5,085
103-9850-031	Staff Travel & Exp-OLIO	3,500	3,500	0
103-9999-000	Miscellaneous Expense	100	100	0
Total General & Administrative Expenses		\$19,150	\$32,899	\$13,749
Total Expenses		\$460,150	\$514,322	
Net Operating Revenue (Expense)		\$18,050	\$184,578	
103-9000-000	<i>Less: Indirect Cost Allocation</i>	\$78,582	\$76,163	
Net Revenue (Expense)		(\$60,532)	\$108,415	

LEGAL SERVICES PROGRAM

The goal of the Legal Services Program is to use revenues collected under ORS 21.480 to fund a statewide system of free civil legal services for the poor which is centered on the needs of the client community; and to work with providers to assure delivery of a broad range of quality legal services to low-income Oregonians. The LSP does this by distributing the revenue collected to Oregon's five legal aid providers. The revenues collected are filing fees, pro hac vice and unclaimed funds from lawyer trust accounts.

The expected revenue collected in 2014 is \$5,950,000 – the same amount as 2013. An additional \$100,000 is raised from Pro Hac Vice applications. From the total filing fee revenue, \$5,830,000 will be distributed to the five legal aid agencies and the bar retains \$120,000 to administer the program. Administration dollars pay for the following:

- Program staff and the LSP Committee to provide ongoing oversight, evaluation and support to legal services providers to ensure compliance with the Standards and Guidelines and to further the program's goals.
- Program staff and the LSP Committee to work with other funding sources and organizations to promote statewide collaboration and to improve access to civil justice in Oregon.
- Program staff and the Pro Bono Committee to provide oversight and coordination for the bar's Pro Bono Program and promote the OSB Pro Bono Aspirational Standard.

The LSP anticipates collecting an additional \$750,000 at the end of 2013. This represents unclaimed client funds from a class action lawsuit. These funds will be distributed pursuant to a strategy implemented in 2014.

Account #	Account Description	Current Budget	2014 Budget	Budget Inc / Dec
<i>Revenues</i>				
120-4070-000	Applications - Pro Hac Vice	100,000	100,000	0
120-4345-000	Legal Aid Funds Collected by Courts	5,950,000	5,950,000	0
120-4510-000	Pro Bono Program Revenue	5,000	5,000	0
Total Revenues		\$6,055,000	\$6,055,000	\$0
<i>Salaries & Benefits</i>				
120-6100-000	Employee Salaries - Regular	68,200	69,500	1,300
120-6105-000	Employee Taxes & Benefits - Regular	27,000	26,500	-500
Total Salaries & Benefits		\$95,200	\$96,000	\$800
<i>Direct Program Expenses</i>				
120-7183-xxx	County Disbursements - ALL	5,830,000	5,830,000	0
120-7750-000	Pro Bono Recognition & Promotion Expense	5,000	5,000	0
120-7783-000	Pro Hac Vice Distributions	100,000	100,000	0
Total Direct Program Expenses		\$5,935,000	\$5,935,000	\$0
<i>General & Administrative Expenses</i>				
120-9500-000	Office Supplies	50	50	0
120-9600-000	In House Printing	50	50	0
120-9620-000	Postage	20	20	0
120-9640-000	Professional Dues	602	632	30
120-9800-000	Telephone	25	25	0
120-9850-000	Travel & Expense - Staff	1,963	1,100	-863
Total General & Administrative Expenses		\$2,710	\$1,877	(\$833)
Total Expenses		\$6,032,910	\$6,032,877	
Net Operating Revenue (Expense)		\$22,090	\$22,123	
120-9000-000	<i>Less: Indirect Cost Allocation</i>	\$45,818	\$51,153	
Net Revenue (Expense)		(\$23,728)	(\$29,030)	



ALL FINANCE & ADMINISTRATION

This statement is a summary of all the departments in Finance & Administration (F&A) that provide support services to all bar departments and programs and including sections.

The bulk of the costs are salaries for personnel in accounting, technology, distribution center (mailroom and copy center), receptionists, human resources, and creative services. The Direct Program expenses are the administrative costs and supplies necessary for the bar's overall operation. These costs are allocated to all other programs as "Indirect Cost Allocation" (ICA) – commonly known as "overhead."

Here is the summary of all departments making up F&A and a comparison of the current and next year's budget.

Department	2013	2014	\$ Change	% Change
Accounting	\$430,737	\$418,229		
Bar Center	33,360	28,750		
Creative Services *		325,885		
Distribution Center	381,140	250,350		
Fanno Creek Place	160,459	160,459		
Finance	251,861	243,855		
Human Resources	229,420	230,560		
Information Technology *	904,265	645,267		
Totals	\$2,391,242	\$2,303,355	(\$87,887)	-3.7%

* Creative Services was included with Information Technology in 2013.

These costs are allocated to the departments using criteria such as the respective department's/ program's FTE, space occupied, number of financial transactions, copy and mail services.

Account Code	Acct Description	Current Year Budget	Budget 2014	Budget Inc / Dec
Revenues				
13x-4235-xxx	Discounts	\$0	\$0	\$0
13x-4250-xxx	Equipment Surplus	\$500	\$0	(\$500)
13x-4300-000	Insufficient Funds Fees	\$150	\$150	\$0
13x-4325-xxx	Investments	\$128,962	\$130,600	\$1,638
13x-4395-xxx	Realized Gain (Loss)	\$0	\$0	\$0
13x-4405-xxx	Membership Fees	\$6,749,700	\$6,810,300	\$60,600
13x-4475-000	Over (Short)	\$0	\$0	\$0
13x-4610-xxx	Royalties	\$0	\$0	\$0
13x-4620-xxx	Sales	\$0	\$3,000	\$3,000
13x-4620-xxx	Sales	\$0	\$0	\$0
13x-4670-xxx	Services	\$0	\$7,000	\$7,000
13x-4999-xxx	Miscellaneous Income	\$0	\$0	\$0
Total Revenues		\$6,879,312	\$6,951,050	\$71,738
Salaries & Benefits				
13x-6100-xxx	Employee Salaries - Regular	\$1,130,700	\$1,108,500	(\$22,200)
13x-6105-xxx	Employee Taxes & Benefits - Reg	\$448,100	\$422,600	(\$25,500)
13x-6150-xxx	Employee Recognition Bonus	\$0	\$0	\$0
13x-6200-xxx	Employee Salaries - Temporary	\$1,200	\$5,040	\$3,840
13x-6205-xxx	Employee Taxes & Benefits - Tem	\$120	\$504	\$384
13x-6300-xxx	Long Term Temporary Employee -	\$2,700	\$0	(\$2,700)
Total Salaries & Benefits		\$1,582,820	\$1,536,644	(\$46,176)
Direct Program Expenses				
13x-7080-xxx	Auditing	\$20,000	\$19,000	(\$1,000)
13x-7090-xxx	Bank Fees	\$127,500	\$111,500	(\$16,000)
13x-7170-000	Gift card purchases	\$5,700	\$5,700	\$0
13x-7205-xxx	Computer Services	\$78,210	\$88,947	\$10,737
13x-7265-xxx	Contract Services	\$211,840	\$104,000	(\$107,840)
13x-7295-xxx	Depreciation	\$176,800	\$140,000	(\$36,800)
13x-7425-xxx	Hiring & Recruiting	\$7,900	\$7,900	\$0
13x-7445-xxx	Insurance	\$17,800	\$30,400	\$12,600
13x-7455-xxx	Interest Expense	\$0	\$0	\$0
13x-7460-xxx	Investment Expense	\$36,700	\$40,200	\$3,500
13x-7500-xxx	Office Equipment	\$2,200	\$1,000	(\$1,200)
13x-7535-xxx	Loss on Sale	\$0	\$0	\$0
13x-7540-000	Lease Expense	\$0	\$0	\$0
13x-7563-xxx	Mailhouse Services	\$0	\$0	\$0
13x-7570-xxx	Maintenance	\$12,000	\$3,000	(\$9,000)
13x-7660-xxx	Payroll Processing	\$19,100	\$22,000	\$2,900
13x-7670-xxx	Postage	\$0	\$100	\$100
13x-7670-xxx	Postage	\$109,000	\$94,100	(\$14,900)
13x-7700-xxx	Printing Services	\$700	\$500	(\$200)
13x-7770-013	Reinstatements - Prior YR's Reinst. Fee Refunds	\$0	\$0	\$0
13x-7830-xxx	Section Services	\$0	\$0	\$0
13x-7830-xxx	Section Services	\$0	\$0	\$0
13x-7870-000	Survey - Economic	\$0	\$0	\$0
13x-7875-xxx	Supplies	\$32,700	\$39,800	\$7,100
13x-7877-000	Data Protection	\$20,400	\$16,000	(\$4,400)
13x-7885-xxx	Telephone	\$47,000	\$48,500	\$1,500
13x-7995-044	YE Inventory Change - Bar Store	\$0	\$0	\$0
13x-7999-000	F & O - Gen'l-Miscellaneous Expense-	\$0	\$0	\$0
Total Direct Program Expenses		\$925,550	\$772,647	(\$152,903)
General & Administrative Expenses				
13x-9400-xxx	Messenger & Delivery Services	\$4,100	\$4,600	\$500
13x-9500-xxx	Office Supplies	\$3,575	\$3,575	\$0
13x-9600-xxx	Photocopying	\$1,650	\$1,650	\$0
13x-9620-xxx	Postage	\$9,250	\$7,900	(\$1,350)
13x-9640-xxx	Professional Dues	\$1,375	\$1,160	(\$215)
13x-9660-xxx	Bad Debts Expense	\$22,000	\$25,000	\$3,000
13x-9680-xxx	Publications & Subscriptions	\$1,750	\$2,250	\$500
13x-9700-xxx	Small furn & equip < \$500	\$500	\$500	\$0
13x-9800-xxx	Telephone	\$150	\$520	\$370
13x-9830-xxx	Training & Education	\$12,030	\$15,710	\$3,680

2014 Budget

Account Code	Acct Description	Current Year Budget	Budget 2014	Budget Inc / Dec
General & Administrative Expenses				
13x-9850-xxx	Staff Travel & Expense	\$6,312	\$5,440	(\$872)
13x-9855-000	Staff Expenses- FIRE Committee	\$6,100	\$6,100	\$0
13x-9999-xxx	Miscellaneous Expense	\$1,300	\$1,600	\$300
Total General & Administrative Expenses		\$70,092	\$76,005	\$5,913
Total Expenses Before Allocations:		\$2,578,462	\$2,385,296	
Service Reimbursements				
13x-4710-xxx	Support Assessment	(\$113,000)	(\$137,200)	(\$24,200)
13x-4670-xxx	Services	(\$11,100)	(\$11,100)	\$0
13x-4505-xxx	Postage	(\$3,000)	(\$2,800)	\$200
13x-4490-xxx	Photocopies	(\$9,600)	(\$5,200)	\$4,400
Total Service Reimbursements		(\$136,700)	(\$156,300)	(\$19,600)
Offsets				
13x-9801-000	Telephone - Offset	\$0	\$0	\$0
13x-9621-000	Postage - Offset	(\$101,600)	(\$87,400)	\$14,200
13x-9601-000	Photocopying - Offset	(\$34,500)	(\$27,450)	\$7,050
Total Offsets		(\$136,100)	(\$114,850)	\$21,250
Total Expense Allocations		(\$272,800)	(\$271,150)	
Net Expenses		\$2,305,662	\$2,114,146	
Net Revenue Before Indirect Cost Allocation		\$1,995,188	\$2,451,608	
Indirect Cost Allocations to Bar Programs:				
	<i>Admissions</i>	\$130,881	\$118,128	(\$12,753)
	<i>Diversity & Inclusion</i>	\$78,582	\$76,163	(\$2,419)
	<i>Loan Replacement Assistance Program</i>			
	<i>Governance</i>	\$72,433	\$73,242	\$809
	<i>Communications & Marketing</i>	\$185,215	\$115,681	(\$69,534)
	<i>CLE Seminars</i>	\$414,138	\$359,364	(\$54,774)
	<i>Legal Publications</i>	\$278,020	\$260,816	(\$17,204)
	<i>Client Assistance Program</i>	\$134,271	\$118,989	(\$15,282)
	<i>Client Security Fund</i>	\$14,625	\$26,622	\$11,997
	<i>Disciplinary Counsel</i>	\$442,948	\$361,389	(\$81,559)
	<i>New Lawyer Mentoring Program</i>	\$442,948	\$361,389	(\$81,559)
	<i>General Counsel</i>	\$76,588	\$74,804	(\$1,784)
	<i>Public Affairs</i>	\$98,197	\$91,614	(\$6,583)
	<i>Legal Services Program</i>	\$45,818	\$51,153	\$5,335
	<i>MCLE</i>	\$69,384	\$70,759	\$1,375
	<i>Bulletin</i>	\$130,589	\$161,930	\$31,341
	<i>New Lawyers Division</i>	\$39,269	\$45,830	\$6,561
	<i>Member Services</i>	\$81,592	\$102,649	\$21,057
	<i>Referral Information Services</i>	\$161,226	\$143,755	(\$17,471)
Total Indirect Cost Allocations		\$2,499,596	\$2,303,355	
Net Revenue (Expense)		\$4,494,784	\$4,754,963	

ACCOUNTING

The Accounting Department processes the bar's accounts payable, accounts receivable, payroll, sales and inventory for all departments, and the annual billing and collections for member fees. These services, as needed, are performed also for all 41 sections.

The department also:

- prepares the approximately 50-page monthly OSB financial statements and all sections;
- administers the OSB department and section budgets, and works with department staff and section volunteers to oversee and correctly manage their respective budgets;
- maintains bar-wide financial-related procedures and internal controls;
- monitors the bar's cash and short-term investments.

The number of members paying online by credit cards continues to grow each year (52.4% in 2013, the first year when more than half the payments were made with a credit card). These bank fees are a percentage of dollars charged so as member fees paid with a credit card increase, the cost to process these payments also increases. The current fee the bar pays is approximately 2.5% of credit card charges, which for the twelve months September 2012 to August 2013 was \$5,071,234.

The bank fee amount in the 2013 budget is too high as the amount included the fees for all bar products purchased with credit card, rather than only the 82% of payment of member fees that should have been included in 2013, and is included in the 2014 budget.

- The bar will be audited by an independent CPA firm in 2014 for the 2012 and 2013 fiscal years. The 2014 budget includes the one year accrual of the estimated two-year fee.
- Although postage cost have decreased dramatically, the bar still mails fee statements to some members, sends postcards reminders in January to those who have not yet paid their member fees, and sends certified notices on the final fee due date.

Account #	Account Description	Current Yr Budget	2014 Budget	Budget Inc / Dec
<i>Salaries & Benefits</i>				
132-6100-000	Employee Salaries - Regular	\$177,400	\$181,000	3,600
132-6105-000	Employee Taxes & Benefits - Regular	\$70,300	\$69,000	-1,300
132-6150-000	Employee Recognition Bonus	\$0	\$0	0
132-6200-000	Employee Salaries - Temporary	\$1,200	\$5,040	3,840
132-6205-000	Employee Taxes & Benefits - Temporary	\$120	\$504	384
132-6300-000	Temp Staff Salaries - Agency	\$2,700	\$0	-2,700
Total Salaries & Benefits		\$251,720	\$255,544	3,824
<i>Direct Program Expenses</i>				
132-7080-000	Auditing	\$20,000	\$19,000	-1,000
132-7090-000	Bank Fees - Credit Card Processing	\$124,000	\$108,250	-15,750
132-7090-100	Bank Fees - Other	\$3,500	\$3,250	-250
132-7500-000	Small furn & equip < \$500 - Direct Pgm	\$0	\$0	0
132-7563-000	Mailhouse Services	\$0	\$0	0
132-7660-000	Payroll Processing	\$19,100	\$22,000	2,900
132-7700-000	Printing - Program related	\$700	\$500	-200
Total Direct Program Expenses		\$167,300	\$153,000	-14,300
<i>General & Administrative Expenses</i>				
132-9400-000	Messenger & Delivery Services - Accounting	\$0	\$0	0
132-9500-000	Office Supplies - Accounting	\$875	\$1,575	700
132-9600-000	In House Printing/Copies - Accounting	\$600	\$350	-250
132-9620-000	Postage - Accounting	\$8,200	\$7,200	-1,000
132-9640-000	Professional Dues - Accounting	\$110	\$110	0
132-9680-000	Publications & Subscriptions - Accounting	\$0	\$0	0
132-9700-000	Small furn & equip < \$500 - Administrative	\$0	\$0	0
132-9800-000	Telephone - Accounting	\$0	\$0	0
132-9830-000	Training & Education - Accounting	\$860	\$450	-410
132-9850-000	Travel & Expenses - Accounting Staff	\$1,072	\$0	-1,072
132-9999-000	Miscellaneous Expense - Accounting	\$0	\$0	0
Total General & Administrative Expenses		\$11,717	\$9,685	-2,032
Total Expenses		\$430,737	\$418,229	
Net Operating Revenue (Expense)		(\$430,737)	(\$418,229)	

CREATIVE SERVICES

The Creative Services Department was formed in 2013 with the merger of the Design Center with Production Services. The new department provides creative services that support the communication and marketing efforts of bar departments and bar groups, including committees, sections, and local bars. Services delivered to the latter two groups generate income to help cover staff time, with direct costs passed through to the groups without markups.

Ongoing department products include the design and layout of the Bulletin and management of the bar's website, including the features and services delivered through the website and the member dashboard. Income from sales of the printed membership directory, a legacy product still produced by the Department, has been retained in the creative services budget. Advertising revenue related to the companion *Attorney's Marketplace*, has been transferred to the Bulletin budget since the primary print product is contained within the periodical. The secondary display of *Attorney's Marketplace* advertising is maintained by creative services on the bar's website and serves as a potential source for new advertising revenue.

- Revenue historically received for sale of the printed membership directory continues on a downward trend following elimination of both the full directory and the modified Bulletin supplement. The bar continues to sell printed and bound versions of member contact/white page listings, a file for which is also available for download on the member side of the website at no charge.

Downloads of the whitepages.pdf file have trended upward since first offered in 2011—2,953 copies downloaded to date in 2013; up from 2,064 in 2012, and up from 1,764 in 2011.

The trend is reversed for the printed version with 107 copies sold to date in 2013—down from 292 copies sold in 2012, and 299 in 2011.

These trends are expected to continue in the same direction for 2014.

- A focus in 2014 is increasing department skills to support the organization's strategic marketing plan and CLE integration efforts.

Account #	Account Description	Current Yr Budget	2014 Budget	Budget Inc / Dec
<i>Revenues</i>				
133-4620-605	Sales - Member Directory	\$0	\$3,000	3,000
133-4670-000	Services - Sections/Local Bars	\$0	\$7,000	7,000
Total Revenues		\$0	\$10,000	10,000
<i>Salaries & Benefits</i>				
133-6100-000	Employee Salaries - Regular	\$0	\$231,300	231,300
133-6105-000	Employee Taxes & Benefits - Regular	\$0	\$88,200	88,200
133-6150-000	Employee Recognition Bonus	\$0	\$0	0
133-6200-000	Employee Salaries - Temporary	\$0	\$0	0
133-6205-000	Employee Taxes & Benefits - Temporary	\$0	\$0	0
133-6300-000	Long Term Temporary Employee - Agency	\$0	\$0	0
Total Salaries & Benefits		\$0	\$319,500	319,500
<i>Direct Program Expenses</i>				
133-7670-605	Postage - Directory	\$0	\$100	100
133-7830-000	Section Services - Projects	\$0	\$0	0
133-7875-070	Supplies - Program Related-Art	\$0	\$2,500	2,500
Total Direct Program Expenses		\$0	\$2,600	2,600
<i>General & Administrative Expenses</i>				
133-9400-000	Messenger & Delivery Services	\$0	\$0	0
133-9500-000	Office Supplies	\$0	\$600	600
133-9600-000	In House Printing	\$0	\$500	500
133-9620-000	Postage	\$0	\$100	100
133-9640-000	Professional Dues	\$0	\$115	115
133-9680-000	Publications & Subscriptions	\$0	\$750	750
133-9800-000	Telephone	\$0	\$0	0
133-9830-000	Training & Education	\$0	\$1,500	1,500
133-9850-000	Travel & Expense - Staff	\$0	\$120	120
133-9999-000	Miscellaneous Expense	\$0	\$100	100
Total General & Administrative Expenses		\$0	\$3,785	3,785
Total Expenses		\$0	\$325,885	
Net Operating Revenue (Expense)		\$0	(\$315,885)	

DISTRIBUTION CENTER

The Distribution Center handles the mailroom, shipping and receiving, and copy center duties of the bar. These duties also include similar services for sections. The gross cost of all postage and shipping is recorded in this department before it is directly charged or allocated to the respective bar programs as part of the ICA.

- The bar's postage costs have been in a consistent decline with the distribution of much bar communication via email and other electronic messages.

Year	2009	2010	2011	2012	2013 P	2014 B
Postage and Shipping	\$234,846	\$195,096	\$106,811	\$ 95,621	\$ 87,500	\$ 92,000
YOY % Change		-16.9%	-45.3%	-10.5%	-8.5%	5.1%

- The 2013 cost in the chart above is the projected 2013 cost, and the increase in 2014 is due to the expected reaching the "bottom" in volume, a three cents postage increase in January 2014, and increased per unit shipping cost.

The second component of the Distribution Center is the Copy Center, which produces volume printing and product assembly for bar and section activities. The cost (listed under Contract Services) is for an employee provided by the vendor, the lease for 12 copiers/printers, and the maintenance and supplies of the copiers.

- The copy center costs dropped dramatically in mid 2013 as a five-year lease terminated and proposals from five vendors led to a substantial savings in less copying/printing, personnel, leasing of new equipment, and lower maintenance costs adding to the competitive bidding process.
- The cost of copying and printing is charged directly to the department or allocated as part of the ICA. The chart below reflects the consistent decline in the number of sheets of paper printed throughout the bar center on internal copiers. The bar anticipates that copy volume has plateaued to about 1.9 to 2 million copies a year

Year	2008	2009	2010	2011	2012
Copy Volume (<i>in millions</i>)	3.416	2.379	2.044	1.920	1.945
YOY % Change		-30.4	-14.71	-6.1	1.3

Account #	Account Description	Current Yr Budget	2014 Budget	Budget Inc / Dec
<i>Salaries & Benefits</i>				
138-6100-000	Employee Salaries - Regular	\$45,200	\$36,300	-8,900
138-6105-000	Employee Taxes & Benefits - Regular	\$17,900	\$13,800	-4,100
138-6150-000	Employee Recognition	\$0	\$0	0
138-6200-000	Employee Salaries - Temporary	\$0	\$0	0
138-6205-000	Employee Taxes & Benefits - Temporary	\$0	\$0	0
138-6300-000	Long Term Temporary Employee - Agency - Distrib	\$0	\$0	0
Total Salaries & Benefits		\$63,100	\$50,100	-13,000
<i>Direct Program Expenses</i>				
138-7265-040	Contract Services - IKON	\$180,340	\$77,400	-102,940
138-7265-076	Contract Services - Fulfillment	\$0	\$0	0
138-7265-081	Contract Services -Scanning	\$0	\$0	0
138-7500-000	Office Equipment & Furniture <\$500 tagged	\$500	\$500	0
138-7563-000	Mailhouse Services	\$0	\$0	0
138-7570-000	Maintenance - Mailing Equipment	\$3,000	\$2,000	-1,000
138-7670-000	Postage - Meter	\$69,100	\$57,300	-11,800
138-7670-097	Postage - Permit	\$23,000	\$15,600	-7,400
138-7670-098	Postage - UPS/Parcel	\$14,800	\$19,100	4,300
138-7670-099	Postage - Misc.	\$2,100	\$2,100	0
138-7770-013	Reinstatements - Prior YR's Reinst. Fee Refunds	\$0	\$0	0
138-7875-000	Supplies - Mailing	\$5,400	\$5,800	400
138-7875-040	Supplies - Duplicating	\$14,400	\$14,400	0
Total Direct Program Expenses		\$312,640	\$194,200	-118,440
<i>General & Administrative Expenses</i>				
138-9400-000	Messenger & Delivery Services - Distribution Ctr	\$4,000	\$4,500	500
138-9500-000	Office Supplies - Distribution Center	\$200	\$200	0
138-9600-000	In House Printing - Distribution Center	\$0	\$0	0
138-9620-000	Postage - Distribution Center	\$150	\$100	-50
138-9700-000	Small furn & equip < \$500 - Administrative	\$500	\$500	0
138-9800-000	Telephone - Distribution Center	\$50	\$50	0
138-9830-000	Training & Education - Distribution Center	\$300	\$300	0
138-9850-000	Travel & Expense - Distribution Center Staff	\$200	\$400	200
138-9999-000	Miscellaneous Expense - Distribution Center	\$0	\$0	0
Total General & Administrative Expenses		\$5,400	\$6,050	650
Total Expenses		\$381,140	\$250,350	
Net Operating Revenue (Expense)		(\$381,140)	(\$250,350)	



FINANCE & ADMINISTRATION - GENERAL

Finance & Administration records the revenue and expenses that apply to the overall administration of all bar programs. The revenue is the membership fees and investment income earned on the general and section funds and the service charge to sections.

Member Fee For:	2013	2014	\$ Change	% Chge	Fee
General	\$ 6,654,700	\$ 6,729,700	\$ 75,000		\$ 432.00
Late Fees	95,000	80,600	(14,400)		
	\$ 6,749,700	\$ 6,810,300	60,600	0.90%	\$ 432.00
Bulletin	188,000	191,300	3,300		10.00
LRAP	73,300	74,400	1,100		5.00
Total General Fund	\$ 7,011,000	\$ 7,076,000	65,000	0.93%	\$ 447.00
D&I	419,700	637,100	217,400		45.00
CSF	675,000	684,400	9,400		45.00
Total All Funds	\$ 8,105,700	\$ 8,397,500	\$ 291,800	3.60%	\$ 537.00

The increase in *Member Fee revenue* is less than projected at mid-year. These numbers will be updated with the final budget report and anticipate there will be a slightly higher revenue number.

The large decrease in *Late Fees* is based on 2013 experience in which the bar collected far less late fees as more members paid by credit card (52.3% of all fee payments) rather than pay the additional fee after January 31.

Investment income is the dividend and interest income earned on the portfolios managed by the two investment firms and the interest on the short-term funds in the Local Government Investment Pool (LGIP).

The 2014 budget includes an increase in the *administrative fee charged to sections* from \$6.50 to \$8.00. The fee had been \$6.50 for the previous three years. The \$8.00 assessment is estimated as half the cost of services provided to the sections by bar staff. Previous BOG action established the fee at half the cost of the services provided to the sections by the bar.

The key F&A - General expenses are:

- Personnel costs are for two receptionists and most of the CFO.
- The investment management fee is the fee charged by Becker Capital and Washington Trust Bank to manage the bar's investment portfolio. The fee from both firms is based on the value of the portfolio, so as the portfolio increases so does the fee.
- Depreciation is the non-cash charge for the past cost of furniture, fixtures, equipment, and any capitalized software. This expense is declining as many of these assets are carryovers from the former building, or assets purchased with the new building nearing the end of their depreciable life but do not need to be replaced.
- Insurance expense is any insurance not related to the building. This includes liability, crime, employee practices liability, and umbrella. Market conditions are causing regular annual increases in premiums.

Account #	Account Description	Current Yr Budget	2014 Budget	Budget Inc / Dec
Revenues				
135-4235-000	Discounts	\$0	\$0	0
135-4235-044	Discounts - Company Store	\$0	\$0	0
135-4235-100	Discounts - Company Store	\$0	\$0	0
135-4250-000	Surplus Equipment Sales	\$500	\$0	-500
135-4300-000	Insufficient Funds Fees	\$150	\$150	0
135-4325-xxx	Investments - ALL	\$128,962	\$130,600	1,638
135-4395-600	Realized (Gain) Loss - Becker	\$0	\$0	0
135-4395-700	Realized Investment (Gain)/Loss-WTB	\$0	\$0	0
135-4395-800	Realized Investment (Gain)/Loss-Lazard	\$0	\$0	0
135-4405-000	Membership Fees - General	\$6,654,700	\$6,729,700	75,000
135-4405-013	Membership Fees - Prior Years Adjustments	\$0	\$0	0
135-4405-100	Membership Fees - Interim Years Dues	\$0	\$0	0
135-4405-200	Membership Fees - Late Payment Fee Increase	\$95,000	\$80,600	-14,400
135-4475-000	Over (Short)	\$0	\$0	0
135-4610-000	Royalties - Credit Card Program	\$0	\$0	0
135-4610-680	Survey - Economic	\$0	\$0	0
135-4620-044	Sales - Company Store	\$0	\$0	0
135-4999-000	Miscellaneous Revenue	\$0	\$0	0
Total Revenues		\$6,879,312	\$6,941,050	61,738
Salaries & Benefits				
135-6100-000	Employee Salaries - Regular	\$257,300	\$188,100	-69,200
135-6100-100	Employee Salaries - Regular - Recptn	\$0	\$0	0
135-6100-108	Employee Salaries - Reception Staff Regular	\$0	\$0	0
135-6105-000	Employee Taxes & Benefits - Regular	\$102,000	\$71,700	-30,300
135-6105-100	Employee Taxes & Benefits - Regular - Recptn	\$0	\$0	0
135-6105-108	Employee Taxes & Benefits - Reception Regular	\$0	\$0	0
135-6150-000	Employee Recognition Bonus	\$0	\$0	0
135-6150-100	Employee Recognition Bonus - Recptn	\$0	\$0	0
135-6150-108	Bonus-Reception	\$0	\$0	0
135-6200-000	Employee Salaries - Temporary	\$0	\$0	0
135-6200-100	Employee Salaries - Temporary - Recptn	\$0	\$0	0
135-6205-000	Employee Taxes & Benefits - Temporary	\$0	\$0	0
135-6205-100	Employee Taxes & Benefits - Temporary - Recptn	\$0	\$0	0
135-6300-000	Long Term Temporary Employee - Agency	\$0	\$0	0
135-6300-108	Temp Staff-Agency-Reception	\$0	\$0	0
Total Salaries & Benefits		\$359,300	\$259,800	-99,500
Direct Program Expenses				
135-7265-000	Contract Services	\$1,000	\$1,000	0
135-7295-000	Depreciation-Furniture/Equip/Software	\$176,800	\$140,000	-36,800
135-7445-000	Insurance & Bonding	\$17,800	\$30,400	12,600
135-7455-000	Interest - Capital Lease	\$0	\$0	0
135-7460-000	Investment Expense	\$36,700	\$40,200	3,500
135-7460-100	Investment Expense-Wash Trust Bank	\$0	\$0	0
135-7460-200	Investment Expense-Becker/WCT	\$0	\$0	0
135-7500-000	Office Equipment & Furniture <\$500 tagged	\$500	\$500	0
135-7535-000	Loss on Sale - Equipment/Furniture	\$0	\$0	0

Account #	Account Description	Current Yr Budget	2014 Budget	Budget Inc / Dec
<i>Direct Program Expenses</i>				
135-7540-000	Lease Expense	\$0	\$0	0
135-7570-000	Maintenance - Equipment	\$0	\$0	0
135-7830-000	Section Services	\$0	\$0	0
135-7870-000	Survey - Economic	\$0	\$0	0
135-7875-000	Supplies - Operating	\$5,100	\$5,100	0
135-7995-044	YE Inventory Change - Bar Store	\$0	\$0	0
135-7999-000	F & O - Gen'l-Miscellaneous Expense-	\$0	\$0	0
Total Direct Program Expenses		\$237,900	\$217,200	-20,700
<i>General & Administrative Expenses</i>				
135-9400-xxx	Messenger & Delivery Services - ALL	\$100	\$100	0
135-9500-xxx	Office Supplies - ALL	\$200	\$200	0
135-9600-xxx	Photocopying - ALL	\$300	\$300	0
135-9620-xxx	Postage - ALL	\$400	\$200	-200
135-9640-xxx	Professional Dues - ALL	\$745	\$575	-170
135-9660-000	Provision for Bad Debts	\$22,000	\$25,000	3,000
135-9680-xxx	Publications & Subscriptions - ALL	\$500	\$300	-200
135-9700-000	Small furn & equip < \$500 - Administrative	\$0	\$0	0
135-9800-xxx	Telephone - ALL	\$100	\$50	-50
135-9830-xxx	Training & Education - ALL	\$1,570	\$1,660	90
135-9850-xxx	Staff Travel & Expense - ALL	\$3,600	\$3,220	-380
135-9855-000	Staff Expenses- FIRE Committee	\$6,100	\$6,100	0
135-9999-xxx	Miscellaneous Expense - ALL	\$200	\$300	100
Total General & Administrative Expenses		\$35,815	\$38,005	2,190
<i>Service Reimbursements</i>				
135-4490-000	In House Printing - Sections	(\$9,600)	(\$5,200)	4,400
135-4490-100	In House Printing - Others	\$0	\$0	0
135-4505-000	Postage - Sections	(\$3,000)	(\$2,800)	200
135-4505-100	Postage - Others	\$0	\$0	0
135-4670-000	Services - Labels/Address Imprinting - Sections	(\$100)	(\$100)	0
135-4670-100	Services - Other / Misc. Services - Sections	\$0	\$0	0
135-4670-200	Services - Labels/Address Imprinting - Others	(\$11,000)	(\$11,000)	0
135-4670-300	Services - Other / Misc. Services - Others	\$0	\$0	0
135-4670-999	Services - Miscellaneous Section	\$0	\$0	0
135-4710-000	Support Assessments - Sections	(\$113,000)	(\$137,200)	-24,200
135-4710-320	Support Services - OLF	\$0	\$0	0
Total Service Reimbursements		(\$136,700)	(\$156,300)	-19,600
<i>Offsets</i>				
135-9601-000	Photocopying - Offset	(\$34,500)	(\$27,450)	7,050
135-9621-000	Postage - Offset	(\$101,600)	(\$87,400)	14,200
135-9801-000	Telephone - Offset	\$0	\$0	0
Total Offsets		(\$136,100)	(\$114,850)	21,250
Total Expenses		\$633,015	\$515,005	
Net Operating Revenue (Expense)		\$6,246,297	\$6,426,045	

HUMAN RESOURCES

The Human Resources Department maintains compliance with all local, state, and federal regulations related to human resources and safety and wellness issues, and develops policies to ensure compliance; maintains a skilled, qualified, professional, productive, and diverse workforce as required to meet the service demands of the organization and make a positive impact on service areas; guides directors and managers with the management, evaluation, and discipline of staff; manages a comprehensive and cost effective benefit program; and creates and enhances training options at all staff levels.

Like many departments, most of Human Resources costs are personnel salaries, taxes, and benefits.

- Recruitment advertising remains at \$7,900 as HR continues to use no-cost or low-cost advertising opportunities while still reaching a qualified, diverse applicant pool.
- The Gift card purchases line item are gift cards for staff who provide exemplary tasks over and above normal job duties, and for staff at Thanksgiving.

Account #	Account Description	Current Yr Budget	2014 Budget	Budget Inc / Dec
<i>Salaries & Benefits</i>				
136-6100-000	Employee Salaries - Regular	\$145,800	\$148,700	2,900
136-6105-000	Employee Taxes & Benefits - Regular	\$57,800	\$56,700	-1,100
136-6150-000	Employee Recognition	\$0	\$0	0
136-6150-100	Spot Bonus Gift Cards	\$0	\$0	0
136-6200-000	Employee Salaries - Temporary	\$0	\$0	0
136-6205-000	Employee Taxes & Benefits - Temporary	\$0	\$0	0
136-6300-000	Long Term Temporary Employee - Agency - HR	\$0	\$0	0
Total Salaries & Benefits		\$203,600	\$205,400	1,800
<i>Direct Program Expenses</i>				
136-7170-000	Gift card purchases	\$5,700	\$5,700	0
136-7265-000	Contract Services	\$0	\$0	0
136-7425-000	Hiring & Recruiting	\$7,900	\$7,900	0
136-7500-000	Small furn & equip < \$500 - Direct Pgm	\$0	\$0	0
Total Direct Program Expenses		\$13,600	\$13,600	0
<i>General & Administrative Expenses</i>				
136-9400-000	Messenger & Delivery Services - Human Resources	\$0	\$0	0
136-9500-000	Office Supplies - Human Resources	\$500	\$500	0
136-9600-000	In House Printing - Human Resources	\$750	\$500	-250
136-9620-000	Postage - Human Resources	\$300	\$200	-100
136-9640-000	Professional Dues - Human Resources	\$520	\$360	-160
136-9680-000	Publications & Subscriptions - Human Resources	\$750	\$700	-50
136-9700-000	Small furn & equip < \$500-	\$0	\$0	0
136-9800-000	Telephone - Human Resources	\$0	\$0	0
136-9830-000	Training & Education - Human Resources	\$2,800	\$2,800	0
136-9830-100	Staff Tuition Reimbursement	\$5,000	\$5,000	0
136-9850-000	Travel & Expense - Human Resources Staff	\$500	\$300	-200
136-9999-000	Miscellaneous Expense - Human Resources	\$1,100	\$1,200	100
Total General & Administrative Expenses		\$12,220	\$11,560	-660
Total Expenses		\$229,420	\$230,560	
Net Operating Revenue (Expense)		(\$229,420)	(\$230,560)	

INFORMATION TECHNOLOGY (IT)

IT maintains a variety of systems to support several distinct processes surrounding regulatory requirements and member services. The department staff holds a wide range of expertise to sustain technical support for approximately 90 employees, 110 computers, 12 servers, a collection of systems relating to A/V conferencing, over 30 distinct applications, and several desktop tools (e.g. MS Office). The license and software maintenance for these systems make up \$55,778 of the 2014 IT budget.

Department reorganization in 2013 moved the 'design' element out of 'Information Design & Technology' reducing the department to the present 4.5 employees and promoting the Project Manager/Business Analyst position to IT Manager. The overall expense budget has little change from 2013 to 2014.

The focus for 2014 is the Software Modernization Project which aims to replace the bar's 30 year old core database. The project is in the initiation stage and a separate exhibit on this topic is included in this budget report.

In addition to major projects, unexpected priorities and general maintenance the IT department receives on average 122 service requests a month from staff. The current completion rate is 72% leaving a typical back log of 34 requests a month.

There are three distinct functions IT focuses on to ensure the department is meeting basic organizational expectations:

Incident Management

- Technical support for computers, printers, telephones, and other devices used on a daily basis.
- Assistance in retrieving data, training, trouble shooting, bug fixes and minor enhancements in various supported applications using internal staff and contract services (\$7,600 for web and \$18,000 for core database applications).
- Generate mailing list requests and statistics needed by staff, sections or members for the various programs.
- AV, technical meeting room support for staff, member groups and external customers.

Infrastructure Maintenance

- Maintain the integrity, security, and availability of the bar's resources and information.
- Builds and maintain systems that automate the operations of the bar including: network devices and cabling, server hardware and software, conference room presentation and communication systems, and building security and automation systems.
- Manage service providers that supply voice (\$30,000) and data service (\$18,500), email filtering and archiving, website hosting, offsite data storage, and other services.

Systems Development

- Work with staff to analyze processes and provide systems design and architecture.
- Develop new applications when requirements arise that cannot be handled in existing systems or when enhancing an existing system is not practical.
- Provide project support by coordinating tasks and communications between staff, IT and outside vendors.
- Maintain the integrity of the data in the membership database and subsidiary programs.
- Document the various existing applications.
- Perform and coordinate construction and user acceptance testing.

Account #	Account Description	Current Yr Budget	2014 Budget	Budget Inc / Dec
Salaries & Benefits				
134-6100-000	Employee Salaries - Regular	\$505,000	\$323,100	-181,900
134-6105-000	Employee Taxes & Benefits - Regular	\$200,100	\$123,200	-76,900
134-6150-000	Employee Recognition	\$0	\$0	0
134-6200-000	Employee Salaries - Temporary	\$0	\$0	0
134-6205-000	Employee Taxes & Benefits - Temporary	\$0	\$0	0
134-6300-000	Temporary Employee - Agency	\$0	\$0	0
Total Salaries & Benefits		\$705,100	\$446,300	-258,800
Direct Program Expenses				
134-7090-000	Bank Fees- Credit card	\$0	\$0	0
134-7090-100	Bank Chgs - Other	\$0	\$0	0
134-7205-015	Hosted Services & Infrastructure	\$21,820	\$33,169	11,349
134-7205-083	Software License Renewal & Maint	\$56,390	\$55,778	-612
134-7205-100	Computer Services - - Contract Services	\$0	\$0	0
134-7205-200	Computer Services - - Data Protection	\$0	\$0	0
134-7265-000	Contract Svcs - Consulting - General	\$1,000	\$0	-1,000
134-7265-015	Contract Svcs - Web programming	\$12,500	\$7,600	-4,900
134-7265-050	Contract Svcs - Network support	\$0	\$0	0
134-7265-083	Contract Svcs - Software programming	\$17,000	\$18,000	1,000
134-7500-000	Office Equipment & Furniture <\$500 tagged	\$1,200	\$0	-1,200
134-7570-000	Maintenance - Computer	\$1,500	\$1,000	-500
134-7570-100	Maintenance - Telephone	\$7,500	\$0	-7,500
134-7700-000	Outside printing services	\$0	\$0	0
134-7875-000	Supplies - Hardware	\$7,500	\$12,000	4,500
134-7875-070	DO NOT USE - USE 134-7500-000	\$0	\$0	0
134-7875-100	Supplies - Telecom	\$300	\$0	-300
134-7877-000	Data Protection	\$20,400	\$16,000	-4,400
134-7885-000	Telephone - Data	\$30,000	\$30,000	0
134-7885-100	Telephone - All bar general	\$17,000	\$18,500	1,500
Total Direct Program Expenses		\$194,110	\$192,047	-2,063
General & Administrative Expenses				
134-9400-152	Messenger & Delivery Services - Facilities	\$0	\$0	0
134-9500-000	Office Supplies - IS	\$1,800	\$500	-1,300
134-9600-000	In House Printing - IS	\$0	\$0	0
134-9620-000	Postage - IS	\$200	\$100	-100
134-9640-000	Professional Dues - IS	\$115	\$0	-115
134-9680-000	Publications & Subscriptions - IS	\$500	\$500	0
134-9700-000	Small furn & equip < \$500-	\$0	\$0	0
134-9800-000	Telephone - IS	\$0	\$420	420
134-9830-000	Training & Education - IS	\$1,500	\$4,000	2,500
134-9850-000	Travel & Expense - IS Staff	\$940	\$1,400	460
134-9999-000	Miscellaneous Expense - IS	\$0	\$0	0
Total General & Administrative Expenses		\$5,055	\$6,920	1,865
Total Expenses		\$904,265	\$645,267	
Net Operating Revenue (Expense)		(\$904,265)	(\$645,267)	

OREGON STATE BAR CENTER (OSBC)

The costs in Oregon State Bar Center are a catch-all of various costs that do not pertain to any one department. The two largest expenses are the rent for off-site storage of printed material that must be retained (e.g. certain attorney files, accounting records) or have not yet been scanned and files into an electronic file. The amount of this material declines each year.

The other large expense is kitchen supplies, which includes the cost of coffee and tea for all events, staff, and attendees, rental of brewing equipment, a limited amount of paper products, and any supplies needed for food service at the bar center.

The costs of this department will be incorporated into Department 135 in the future.

Account #	Account Description	Current Budget	2014 Budget	Budget Inc / Dec
<i>Revenues</i>				
137-4310-000	Interest - Landlord Contingency Fund	\$0	\$0	0
137-4999-000	Miscellaneous Income	\$0	\$0	0
Total Revenues		\$0	\$0	\$0
<i>Salaries & Benefits</i>				
137-6100-000	Employee Salaries - Regular	\$0	\$0	0
137-6105-000	Employee Taxes & Benefits - Regular	\$0	\$0	0
137-6150-000	Employee Recognition Bonus	\$0	\$0	0
137-6300-000	Long Term Temporary Employee - Agency - Facilities	\$0	\$0	0
Total Salaries & Benefits		\$0	\$0	\$0
<i>Direct Program Expenses</i>				
137-7090-000	Bank Fees - Credit Card Processing	\$0	\$0	0
137-7265-000	Contract Services	\$1,000	\$500	-500
137-7295-000	Depreciation - Building	\$0	\$0	0
137-7360-000	Projected Operating Expense NBC	\$0	\$0	0
137-7360-100	Facilities - Tenants Oper Exp Fanno Creek Place	\$0	\$0	0
137-7385-000	Recycling & shredding OSB only	\$910	\$910	0
137-7445-000	Insurance & Bonding	\$0	\$0	0
137-7500-000	Furniture & Equip < \$500 tagged	\$1,000	\$500	-500
137-7570-000	Maintenance - Building	\$3,000	\$1,200	-1,800
137-7780-000	Rent- Offsite storage	\$9,600	\$8,800	-800
137-7780-100	Rent - OSBC	\$0	\$0	0
137-7875-000	Supplies - Kitchen & Misc.	\$17,000	\$16,000	-1,000
137-7875-100	Supplies - Janitorial	\$0	\$0	0
Total Direct Program Expenses		\$32,510	\$27,910	(\$4,600)
<i>General & Administrative Expenses</i>				
137-9300-000	OSBC Disaster Recovery Preparation Exp	\$0	\$0	0
137-9400-000	Messenger & Delivery Services - Facilities	\$0	\$0	0
137-9500-000	Office Supplies - Facilities	\$200	\$200	0
137-9600-000	In House Printing - Facilities	\$0	\$0	0
137-9620-000	Postage - Facilities	\$0	\$0	0
137-9680-000	Publications & Subscriptions - Facilities	\$350	\$440	90
137-9700-000	Small furn & equip < \$500 - Administrative	\$0	\$0	0
137-9800-000	Telephone - Facilities	\$0	\$0	0
137-9830-000	Training & Education - Facilities	\$0	\$0	0
137-9850-000	Travel & Expense - Facilities Staff	\$200	\$100	-100
137-9999-000	Miscellaneous Expense - Facilities	\$100	\$100	0
Total General & Administrative Expenses		\$850	\$840	(\$10)
Total Expenses		\$33,360	\$28,750	
Net Operating Revenue (Expense)		(\$33,360)	(\$28,750)	

FANNO CREEK PLACE (FCP)

The operation of the Oregon State Bar Center is reported as a separate company entitled *Fanno Creek Place*, which is the name given to the three-building complex in 2007 of which the bar center is the largest building by the developer, Opus Northwest.

FCP was built in 2007 and the bar occupied the building in January 2008 and purchased the building from Opus NW in September 2008. The bar occupies 54% of the 68,525 s.f. building and the balance is occupied by tenants. "Rent 2014" in the schedule below is the annual rent or projected rent for the tenant in 2014.

Tenant	RSF	% RSF	Rent 2014	Expiration
Simpson Property Group	938	1.37%	\$ 23,486	August 2018
Professional Practices Group	1,086	1.58%	\$ 27,969	December 2017
Joffe Medi-Center	6,015	8.78%	\$ 130,599	September 2016
Zip Realty	2,052	2.99%	\$ 48,681	June 2014
Vacant	2,058	3.00%	\$ 22,638	
PLF	19,060	27.81%	\$ 512,379	February 2023
Total - Tenants	31,209	45.54%	\$ 765,753	
Oregon State Bar (owner)	37,316	54.46%		
Totals	68,525	100.00%		

- In addition to the rental income from tenants, the 2014 budget includes income from the rental of the bar center's conference and meeting rooms. This income was \$40,082 in 2012 and is budgeted for \$40,000 for 2014, although could be higher if existing renters continue into 2014. The bar also receives rent of \$29,388 from the Oregon Law Foundation.
- The bar purchased the building with a \$13 million loan from Thrivent Financial, a mutual insurance company in Minneapolis, Minnesota. The loan is amortized over 30 years at 5.99%. A balloon payment is due February 2023. The monthly payment is \$77,859, and the largest change in the FCP budget is the decline in interest expense each year.
- The next largest expense after interest is the non-cash expense for depreciation budgeted at \$509,300 for 2014.
- The bar is responsible for all operation costs and accounting and oversight duties (common area maintenance (CAM)) of the three buildings of the six-acre Fanno Creek Place development. The bar is reimbursed fully for the costs related to buildings B&C in the complex.
- Excluding interest and depreciation, operating costs are projected to increase by 7.6% (\$24,620) and most of the increase is attributed to costs (e.g. janitorial services, utilities, carpet cleaning) related to the meeting room renters and the two tenants added in 2013.

Account #	Account Description	Current Budget	2014 Budget	Budget Inc / Dec
<i>Revenues</i>				
139-4250-000	Sale of surplus equipment	\$0	\$0	0
139-4325-400	Interest - Mortgage reserve	\$2,100	\$2,200	100
139-4325-500	Interest - F & O portion	\$0	\$0	0
139-4590-xxx	Rent - ALL	\$799,771	\$835,140	35,369
139-4670-000	Management Fee Revenue	\$0	\$0	0
139-4999-000	Miscellaneous Income	\$0	\$0	0
Total Revenues		\$801,871	\$837,340	35,469
<i>Salaries & Benefits</i>				
139-6100-000	Employee Salaries - Regular	\$85,800	\$85,000	-800
139-6105-000	Employee Taxes & Benefits - Regular	\$34,000	\$32,400	-1,600
139-6150-000	Employee Recognition Bonus	\$0	\$0	0
Total Salaries & Benefits		\$119,800	\$117,400	-2,400
<i>Direct Program Expenses</i>				
139-7090-000	Bank Fees - Credit Cards	\$600	\$600	0
139-7090-100	Fanno Creek Place-Bank Fees	\$0	\$0	0
139-7265-xxx	Contract Services - ALL	\$12,810	\$18,600	5,790
139-7265-xxx	Contract Services - ALL	\$0	\$2,310	2,310
139-7280-100	PLF rent exp to Shorestien	\$0	\$0	0
139-7295-000	Depreciation - Building	\$510,100	\$509,300	-800
139-7385-000	Trash removal FCP	\$5,130	\$5,500	370
139-7445-000	Insurance & Bonding	\$46,200	\$50,100	3,900
139-7455-000	Interest - Mortgage Fanno Creek Place	\$720,801	\$707,655	-13,146
139-7475-000	Janitorial Services	\$66,540	\$73,100	6,560
139-7485-000	Landscape Maintenance & Supplies	\$1,650	\$1,850	200
139-7500-000	Furniture & Equipment < \$500 tagged	\$0	\$500	500
139-7535-000	Loss/gain on sale of assets	\$0	\$0	0
139-7570-000	Maintenance - Building	\$13,100	\$17,000	3,900
139-7570-100	Maintenance -HVAC system	\$6,500	\$7,500	1,000
139-7575-000	Marketing - OSBC Meeting Rooms	\$600	\$1,000	400
139-7590-000	Meeting Room Operating Expense	\$1,000	\$1,500	500
139-7780-000	Rent- Offsite storage	\$0	\$0	0
139-7780-100	Rent - Fanno Creek Place	\$0	\$0	0
139-7875-000	Supplies - FCP	\$3,400	\$4,500	1,100
139-7875-100	Supplies - Janitorial	\$5,500	\$5,500	0
139-7882-000	Taxes - R/E taxes on FCP	\$20,650	\$21,700	1,050
139-7885-000	Telephone	\$1,560	\$2,000	440
139-7960-000	Electricity	\$85,800	\$85,800	0
139-7960-100	FCP Electricity-interior common space	\$0	\$0	0
139-7960-200	Water & Sewer	\$24,000	\$26,200	2,200
139-7960-300	Natural Gas	\$2,400	\$2,300	-100
Total Direct Program Expenses		\$1,528,341	\$1,544,515	16,174
<i>General & Administrative Expenses</i>				
139-9100-000	Common Area Maintenance-	\$16,300	\$15,279	-1,021
139-9500-000	Office Supplies - Facilities	\$0	\$0	0
139-9660-000	Fanno Creek Place-Bad Debts Expense-	\$0	\$0	0
139-9700-000	Fanno Creek Place-Small furn & equip < \$500-	\$0	\$0	0
139-9800-000	Telephone - Facilities	\$0	\$0	0
139-9999-000	Miscellaneous Expense - Facilities	\$0	\$0	0
Total General & Administrative Expenses		\$16,300	\$15,279	-1,021
Total Expenses		\$1,664,441	\$1,677,194	
Net Operating Revenue (Expense)		(\$862,570)	(\$839,854)	

