

AGENDA

BOG Budget & Finance Committee

Meeting Date: June 28, 2024
Meeting Time: 10:30 – Noon
Location: Bend, OR & Zoom
Chair: Matt McKean
Vice Chair: Candace Clarke
Members: Gabe Chase, Tomás Hernandez, Megan Houlihan, John Marandas, Apolinar Montero-Sánchez, Eddie Passadoré, Nik Yanchar
Liaison: Mike Williams

1. May 24, 2024, minutes approval by the Budget & Finance Committee	<u>Exhibit</u>	Action
2. 2024 May financial results	<u>Exhibit</u>	Inform
3. 2025 First Pass Budget	<u>Exhibit</u>	Inform
4. Client Security Fund update through 5-31-2024	<u>Exhibit</u>	Inform
5. Work plan and focus topics for 2024 and beyond	<u>Exhibit</u>	Inform

Minutes

Budget & Finance Committee

May 24, 2024

Oregon State Bar Center and via Zoom

Present – Committee Members: Matt McKean, Chair, Candace Clarke, Vice-chair (Zoom), Gabe Chase, Megan Houlihan, John Marandas (Zoom), Eddie Passadoré, Apolinar Montero-Sánchez, and Nik Yanchar. **Absent:** Tomás Hernandez. **Other BOG:** Lee Ann Donaldson **Staff:** Ankur Doshi, Michael Dunlap, Helen Hirschbiel and Mike Williams. **Guests:** None.

Matt McKean called the meeting to order at 10:31 a.m.

1. Approval of the Meeting Minutes for April 19, 2024

Lee Ann Donaldson pointed out that her name was misspelled in the minutes as submitted and asked that they be amended to reflect the correct spelling of her name.

Motion: Nik Yanchar moved, and Candace Clarke seconded the approval of the amended April 19, 2024, meeting minutes. The motion passed unanimously.

2. Updated Report on 2024 Member Fee Collections

At its February meeting the Budget & Finance Committee requested that the member fees graph be adjusted to reflect the 2024 budgeted member fees as well as the stretch goal for the fee season. The updated graph was presented to the committee.

3. March 31, 2024, Unaudited Financial Results

The following reports are presented as the actual 2024 financial performance through March 31, 2024. Consolidated revenue for the year is above budget, \$80k as a result of slightly higher membership revenue and higher program revenue. Salary and Benefits are below budget (\$241k) due to the timing of step increases and two open budgeted positions. Operating expenses continued below plan (\$781k) as program expenses are lower due to timing of expenditures on new programs (e.g. Oregon Law Help, Immigration Legal Services) and delays in spending in other bar departments. These positive variances will narrow as expenses in future months increase. On balance through the first quarter the financial results are encouraging.

4. Client Security Fund (CSF) update through January 31, 2024

The CSF balance through April 30, 2024, was presented. The CSF Reserve balance ended April at \$1,834k. Management is estimating that the current year-end balance for the CSF will end 2024 at \$1,606k which is \$357k above the reserve minimum. New claims in 2024 have been

lower than the historical average. The five-year projection shows a probable decrease in the assessment in 2025 to \$15 per active member. The committee previously approved holding the 2024 assessment at \$20 per active member and will decide on the 2025 assessment later in the year as more claims are processed.

5. 2024 Work Plan Update

The 2024 Work Plan was reviewed, discussed, and updates were presented for 2024. No changes or additions to the work plan were made.

6. Next Meeting

The meeting adjourned at 11:28 a.m. and the next meeting is scheduled for June 28, 2024, at 10:30 a.m. It will be held at the Hampton Garden Inn in Bend, Oregon. A Zoom option will be available.

OREGON STATE BAR

Budget and Finance Committee

Meeting Date: June 28, 2024
From: Mike Williams, Chief Financial Officer
Subject: 2024 May Financials (**Unaudited**)

The following reports are presented as the actual 2024 financial performance through May 31, 2024. Consolidated revenue for the year is above budget, \$228k as a result of higher membership revenue from Comity and a higher pass rate for the February Bar exam and higher program revenue from CLE, BarBooks and the ILS program. Salary and Benefits are below budget (\$327k) due to the timing of step increases and two open positions. Operating expenses continued below plan (\$654k) as program expenses were lower due to the timing of expenditures on new programs and delays in spending in other bar departments. These positive variances will narrow as expenses increase in future months.

Additional May 2024 Performance Notes:

The membership revenue ended the ended March \$111k above plan. The positive Program revenue, \$119k, was the result of more sales for BarBooks, slightly better Bulletin ad revenue, Oregon Law Help and Immigration Legal Services revenue recognition from those programs advancing and maturing.

Administrative Service Supplies are below YTD budget by (\$233k) mostly due to the timing of repairs, service supplies and travel expenses. Program expenses are below plan YTD by \$98k as a result of new programs finally starting to ramp up. Building YTD net income is better than plan by \$49k due to 100% tenant occupancy and the timing of building maintenance.

Total Operating Cash was \$11,887k as of 5/31/24, up \$1,475k from the prior year's \$10,411k. This increase is the result of the timing of member fee collections and the timing of expenditures. There was also a large RCAF payment received in May. Those funds will be invested with GPA in June pending the strategic planning from the LSP due to be completed in early 2025. The Bar continues to be in a strong current asset position going into the month of June.

The stock market continued its gains in May, which continues to add to the positive unrealized and net realized gain in the investment accounts. The overall YTD gain through May is \$2,952k and \$1,842k YTD of which \$218k is from the Bar's portfolio of investments. It is unclear if the market will maintain these gains throughout the rest of the year as interest rates, inflation, and fiscal policy figure to have an impact in the coming months.

As of May 31, there is one open regular position. The position for the Director of Public Affairs has been filled and the new hire will start on June 25. The second open position is for a Legislative Lobbyist. Interviews for this position have been placed on hold until the new Director is on board and can be involved in the hiring process. The one temporary position in the Admissions Department will be converted at the end of May. The incumbent temporary employee will become a regular employee.

Oregon State Bar
Income Statement - Actual vs Budget (Proforma) UNAUDITED

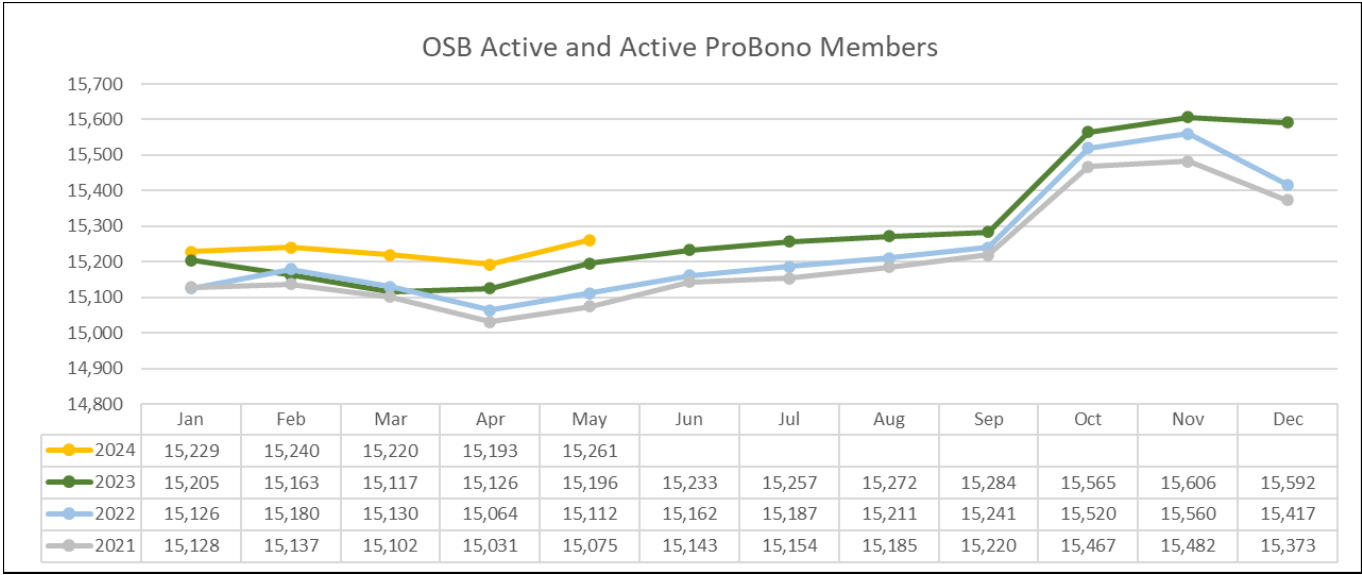
As of Date: 5/31/2024

	Consolidated Year Ending 12/31/2023 Prior Year	MTD 5/31/2024 Month	Consolidated YTD Actual 5/31/2024 CY YTD	Consolidated YTD Budget 5/31/2024 CY YTD	Actual All Depts No Restricted CY YTD	Budget All Depts No Restricted CY YTD	Actual Restricted CY YTD	Budget Restricted CY YTD
PROFIT AND LOSS								
REVENUES								
Total Member Fees	11,524,505	927,851	5,053,788	4,944,734	4,928,918	4,817,914	124,870	126,820
Total Program Revenue	23,317,313	12,177,630	19,232,229	7,218,070	2,959,731	2,840,295	16,272,498	4,377,775
Other Revenue	-	-	145	2,520	145	2,520	-	-
Total Operating Revenue	34,841,818	13,105,481	24,286,162	12,165,324	7,888,794	7,660,729	16,397,368	4,504,595
EXPENSES								
Total Salaries and Benefits	12,133,125	962,077	5,243,778	5,597,964	4,967,134	5,294,187	276,644	303,777
Total Service Supplies	1,658,894	124,359	831,532	1,075,087	742,971	975,918	88,561	99,169
Total OSB Depreciation	269,102	23,803	118,646	115,292	118,646	115,292	-	-
Total Administrative Expense	14,061,121	1,110,239	6,193,956	6,788,343	5,828,751	6,385,397	365,205	402,946
Total Program Expenses	16,251,947	1,285,105	8,065,232	9,757,673	1,208,224	1,305,927	6,857,008	8,451,746
Total Expenses	30,313,068	2,395,344	14,259,188	16,546,016	7,036,975	7,691,324	7,222,213	8,854,692
Total Operating Income (Loss)	4,528,750	10,710,137	10,026,974	(4,380,692)	851,819	(30,595)	9,175,155	(4,350,097)
NON-OPERATING REV. (EXP)								
Total Investment Income	6,709,853	1,841,734	2,952,333	477,500	217,733	77,500	2,734,600	400,000
Total Building Rental Income	1,133,673	85,153	444,779	449,046	444,779	449,046	-	-
Total Pension Expense	(300,000)	(25,000)	(100,000)	(100,000)	(90,000)	(90,000)	(10,000)	(10,000)
Total OSB OPEB RHIPA Expense	-	-	-	-	-	-	-	-
Total OSB OPEB RHIA Expense	(330,000)	(27,500)	(137,500)	(137,500)	(127,500)	(127,500)	(10,000)	(10,000)
Total OSB-Building Expense	(1,053,083)	(77,594)	(399,586)	(452,450)	(399,586)	(452,450)	-	-
Total Interest Expense	(525,184)	(43,217)	(86,509)	(87,000)	(215,714)	(232,265)	-	-
Total non-operating revenue/(expense)	5,635,259	1,753,576	2,673,517	149,596	(170,288)	(375,669)	2,714,600	380,000
Change in Net Position	10,164,009	12,463,713	12,700,491	(4,231,096)	681,531	(406,264)	11,889,755	(3,970,097)
Depreciation Expense (Addback)	273,322	23,963	119,446	116,867	119,446	116,867	-	-
Capital Expenditures (Subtract)	(178,523)	(5,070)	(104,511)	(43,750)	(104,511)	(43,750)	-	-
Mortgage Principal (Subtract)	(223,577)	(19,404)	(96,271)	(96,271)	(96,271)	(96,271)	-	-
Unrealized (Gain)/Loss	(5,936,318)	(1,841,734)	(2,952,333)	(477,500)	(210,870)	-	(1,340,612)	250,000
Non-Cash Pension Expense	630,000	52,500	237,500	237,500	217,500	217,500	20,000	20,000
LGIP "Rainy Day" Fund (Addback)	-	-	-	-	-	-	-	-
NET CASH POSITION	4,728,913	10,673,968	9,904,322	(4,494,250)	606,825	(211,918)	10,569,143	(3,700,097)

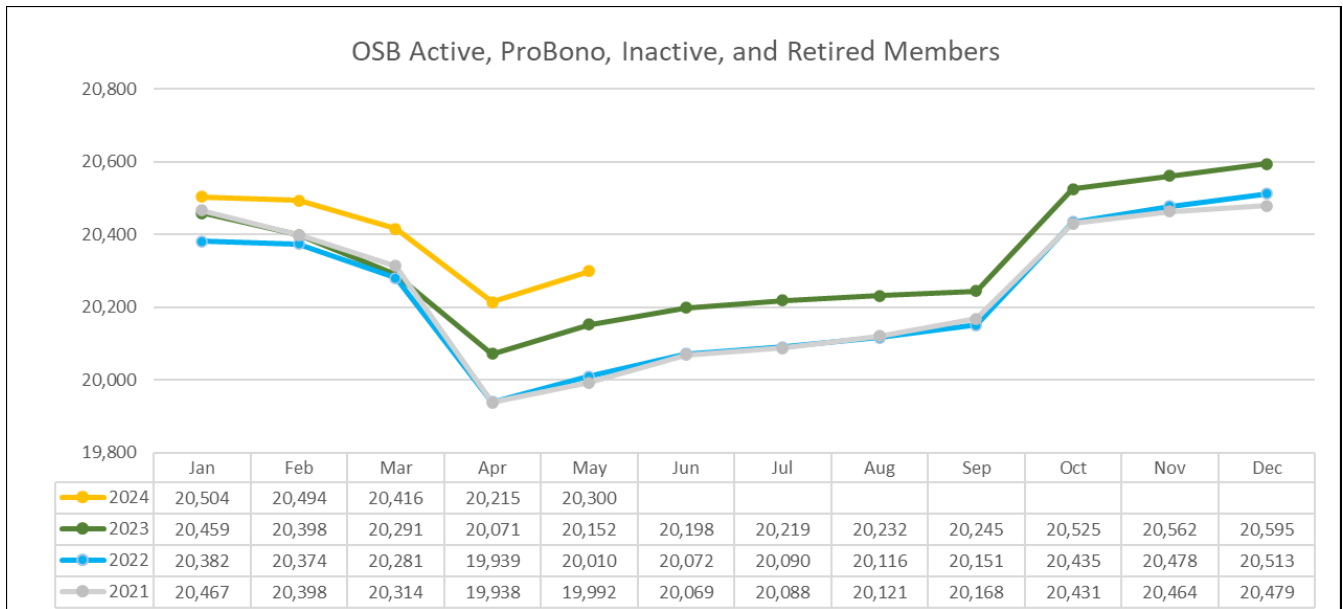
*Restricted Departments are the following: CSF, LRAP, Legal Services - Residual class action funds, Immigration Legal Services and Oregon Law Help

OREGON STATE BAR
BALANCE SHEET as of May. 31, 2024
Unaudited

	2024	2023	Change
Current Assets			
Cash - Operating Accounts	\$11,886,622	\$10,411,132	\$1,475,490
Cash - RCAF, ILS, OLH & Legal Services	26,584,998	9,361,104	17,223,894
Accounts Receivable	68,112	121,602	(53,490)
Accounts Receivable - Leases	3,750,666	4,813,233	(1,062,567)
Prepaid Expenses	322,129	323,966	(1,837)
Total Current Assets	42,612,527	25,031,037	17,581,490
Long Term Assets			
Long Term Investments - (RCAF)	73,640,855	72,155,731	1,485,124
Long Term Investments	6,832,054	5,933,508	898,546
Building & Land	20,759,344	20,517,899	241,445
Furniture & Equipment	4,446,705	4,467,077	(20,372)
Less Accumulated Depreciation	(12,240,127)	(11,464,238)	(775,889)
Total Building, Land, Furniture & Equipment	12,965,922	13,520,738	(554,816)
Lease Asset GASB 87	326,553	316,755	9,798
Intangible Assets Amortization	(108,851)	(21,117)	(87,734)
Deferred outflows of resources	1,835,582	1,795,932	39,650
Deferred outflows of resources RHIPA	2,103	7,949	(5,846)
Total Long Term Assets	95,494,218	93,709,496	1,784,722
TOTAL ASSETS & DEFERRED OUTFLOWS:	\$138,106,745	\$118,740,533	\$19,366,212
Current Liabilities			
Transition Liability Current	89,267	84,393	4,874
Unclaimed IOLTA Funds	887,713	706,017	181,696
Accounts Payable & Accrued Expenses	979,525	817,938	161,587
Accounts Payable Leases (GASB 87)	230,607	296,369	(65,762)
Compensated Absences	836,730	751,127	85,603
Unearned Revenue	12,739,472	13,120,900	(381,428)
Total Current Liabilities	15,763,314	15,776,744	(13,430)
Long Term Liabilities			
Transition Liability - LT	307,185	401,111	(93,926)
Pension Liability	5,907,599	6,461,257	(553,658)
OPEB RHIPA Liability	(60,289)	(61,769)	1,480
Mortgage	10,843,273	11,071,226	(227,953)
Total Long Term Liabilities	16,997,768	17,871,825	(874,057)
Deferred inflows leases	3,531,417	4,688,932	(1,157,515)
Deferred inflows of resources RHIPA	27,187	45,106	(17,919)
Total Liabilities and Deferred Inflows	36,319,686	38,382,607	(2,062,921)
Fund Balances			
IOLTA Unclaimed Funds	94,179	68,663	25,516
LSP/OLH/ILS	6,729,594	2,494,747	4,234,848
Residual Class Action Fund	80,879,955	66,009,423	14,870,532
Loan Repayment Assistance Sections	472,849	368,260	104,589
Client Security Fund	828,430	741,839	86,591
Retained Earnings (All depts)	1,860,623	1,557,666	302,957
	10,921,429	9,117,328	1,804,101
Total Fund Balances	101,787,059	80,357,926	21,429,134
TOTAL LIABILITIES & FUND BALANCES:	\$138,106,745	\$118,740,533	\$19,366,212



Active members, as of May 31, 2024, increased from last year at the same period by 65 persons and increased from April 30, 2024, by 68.



Total members, as of May 31, 2024, has increased from last month by 85 persons and increased from May 31, 2023, by 148.

OREGON STATE BAR

Budget and Finance Committee

Meeting Date: June 28, 2024
From: Mike Williams, Chief Financial Officer
Subject: Budget 5–Year Forecast (First Pass)

Background

In preparation for the upcoming fiscal calendar year, attached is a draft of the 5-year Budget covering the period 2025 through 2029 with three different scenarios for wages and inflation, which show differing increases to membership fees. The revenue forecast for 2025 is higher due to Immigration Law Services & Oregon Law Help offset by a slight increase in membership revenue due to comity and law school graduation.

Five-Year Projections

Revenue

- Changes in total Revenue over the 2024 budget due to:
 - Flattening of total member license fees in 2025 due to slight increases in membership from comity, with slightly declining to static membership growth in the following years
 - Client Security Fund (CSF) fee drops to \$15 per member
 - Section assessments increase from \$9.50 to \$11.50
 - \$200k PLF grant for Legal Publications BarBooks (an increase of \$75k over 2024)
 - Increase in Fanno Creek revenue of 3.0% year over year consistent with base rent increases and no anticipated vacancies in 2025 through 2029
 - Investment funds used for operations pursuant to the change in Investment Policy
 - Increase qualifying income to an AGI of \$47,250 for discounted membership fee in 2025
 - BBX increase in Bar Exam fees in 2025 to \$1,025
 - Increase in the G&A offset due to Section assessment increase to \$12.00 in 2025.
 - Slight increase in 2025 membership with a slight decrease in 2026, 2027, 2028 and 2029 assuming law school enrollment remains unchanged.

Expenses

- Changes in total Expenses over the 2025 budget due to:
 - Salary pool increases using 2.75%, 3.0% or 3.25%. This percentage includes the step adjustments and a COLA
 - Medical and dental benefits projected increase of 9.5% in 2025, 7.5% per year thereafter
 - Inflationary increases of 3.0% for all non-personnel expenses in 2025, 2.5% per year thereafter
 - One temporary employee added to the IT department for 2025, no other new hires

Active Member Fees	2023	2024	2025	2026	2027	2028	2029
CSF Assessment	\$ 20.00	\$ 20.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 20.00
LRAP Assessment	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Base Active Member Fee	658.00	658.00	658.00	658.00	718.00	718.00	718.00
Total	\$ 688.00	\$ 688.00	\$ 683.00	\$ 683.00	\$ 743.00	\$ 743.00	\$ 748.00

Fee Structure for 2025 and Beyond

The 2025 budget is prepared with a 20% discount for those members whose annual income falls below \$47.25k, which we estimate to be 400 members. The actual total for 2024 was 387. The CSF and LRAP assessments are excluded from the discount calculation-based income limitations. The discount limit is forecasted to increase to \$48,650 in 2026, \$50,000 in 2027, \$51,250 in 2028 and \$52,500 in 2029. This is reflected in the forecasted revenues.

Next Steps

The current projections indicate that 2025 will not require a fee increase. This leads to the associated fee increases that may be required to cover the expenses in the outer years. The projected net cash position in 2024 indicates that there will be no need for a fee adjustment for any of the three versions modeled through 2026. Even if inflation drops to the Fed's targeted rate of 2.5% by 2026, these forecasts all show a fee increase necessary in 2027 of either \$60, \$75 or \$90 respectively. As we go through 2025 we should have a clearer picture on the necessary fee increase in 2027 to ensure that the Bar remains on a solid financial footing.

Oregon State Bar Forecast #2

2024 Inflation at 3.0%

	Forecast 2024	Budget 2024	Budget 2025	Budget 2026	Budget 2027	Budget 2028	Budget 2029
Revenue							
Membership Fees	\$11,623,725	\$11,562,995	\$11,480,691	\$11,602,151	\$12,476,428	\$ 12,455,218	\$ 12,405,397
Program Fees	7,103,355	6,966,700	7,152,382	7,295,430	7,441,338	7,590,165	7,741,968
Restricted Fund Revenues (includes RCAF)	14,272,500	13,696,895	9,484,310	9,673,996	9,867,476	10,064,826	10,266,122
Investment Income (Includes Interest)	1,166,000	1,175,000	1,085,400	823,499	848,203	873,650	899,859
PLF Grant	125,000	125,000	200,000	200,000	200,000	200,000	200,000
Fanno Creek Place	1,076,606	1,068,275	1,068,275	1,097,653	1,130,582	1,164,500	1,199,435
Total Revenue	35,367,186	34,594,865	30,471,058	30,692,728	31,964,028	32,348,358	32,712,781
Expenses							
Salary and Benefits	12,549,829	12,706,050	12,894,949	13,217,323	13,481,669	13,751,303	14,026,329
Program Expenses	14,480,048	14,306,329	14,914,449	15,287,311	15,593,057	15,904,918	16,223,016
Net Services Expenses	1,791,389	1,858,242	1,854,088	1,909,710	1,962,227	2,001,472	2,041,501
Fanno Creek	989,006	1,085,880	1,023,621	1,059,448	1,088,583	1,110,354	1,132,562
Depreciation - Building	528,355	535,000	521,793	515,312	508,912	502,591	496,349
Depreciation - Other	250,826	267,066	236,000	235,665	235,330	234,996	234,662
Mortgage Interest	498,315	502,830	529,800	489,400	485,700	480,200	478,300
Contingency	-	25,000	25,000	25,000	25,000	25,000	25,000
Total Expenses	31,156,668	31,349,397	32,053,600	32,794,955	33,437,799	34,069,302	34,717,356
NET OPERATING REVENUE (EXP)	4,210,518	3,245,468	(1,582,542)	(2,102,227)	(1,473,772)	(1,720,944)	(2,004,575)
Unrealized Investment Gains /(Losses)	0	0	0	0	0	0	0
Realized Investment Gains/(Losses)	0	0	100,000	106,000	112,360	119,102	126,248
3% Investment Funding	175,000	175,000	178,500	183,855	186,061	188,294	190,554
NET REVENUE (EXPENSE)	4,385,518	3,420,468	(1,304,042)	(1,812,372)	(1,175,350)	(1,413,548)	(1,687,774)
Depreciation Expense (Addback)	779,181	802,066	757,793	750,977	744,242	737,587	731,011
Capital Expenditures (Subtract)	(135,000)	(150,000)	(175,000)	(125,000)	(105,000)	(100,000)	(100,000)
Mortgage Principal (Subtract)	(194,461)	(198,258)	(198,350)	(202,223)	(202,317)	(206,268)	(206,363)
LGIP "Rainy Day" Fund (\$300k)	0	0	0	0	0	0	0
Cash Position Carryover	0	-	4,835,238	3,915,639	2,527,021	1,788,596	806,367
NET CASH POSITION	\$ 4,835,238	\$ 3,874,276	\$ 3,915,639	\$ 2,527,021	\$ 1,788,596	\$ 806,367	\$ (456,758)

Assumptions

No fee increase until 2027 of \$60

Assumes Section Assessments increase to \$11.50 from \$9.50

COLA increases of 2.75% in 2025; 2.5% in 2026, 2.0% in 2027, 2028 & 2029

Assumes that inflation drops to 3% in 2025, 2.5% in 2026 and 2% in 2027, 2028 & 2029

Oregon State Bar Forecast #2

2024 Inflation at 3.0%

	Forecast 2024	Budget 2024	Budget 2025	Budget 2026	Budget 2027	Budget 2028	Budget 2029
Revenue							
Membership Fees	\$11,623,725	\$11,562,995	\$11,480,691	\$11,602,151	\$12,699,928	\$ 12,678,338	\$ 12,627,624
Program Fees	7,103,355	6,966,700	7,152,382	7,295,430	7,441,338	7,590,165	7,741,968
Restricted Fund Revenues (includes RCAF)	14,272,500	13,696,895	9,484,310	9,673,996	9,867,476	10,064,826	10,266,122
Investment Income (Includes Interest)	1,166,000	1,175,000	1,085,400	823,499	848,203	873,650	899,859
PLF Grant	125,000	125,000	200,000	200,000	200,000	200,000	200,000
Fanno Creek Place	1,076,606	1,068,275	1,068,275	1,097,653	1,130,582	1,164,500	1,199,435
Total Revenue	35,367,186	34,594,865	30,471,058	30,692,728	32,187,528	32,571,478	32,935,009
Expenses							
Salary and Benefits	12,549,829	12,706,050	12,926,324	13,249,482	13,514,472	13,784,761	14,060,456
Program Expenses	14,480,048	14,306,329	14,914,449	15,287,311	15,593,057	15,904,918	16,223,016
Net Services Expenses	1,791,389	1,858,242	1,854,088	1,909,710	1,962,227	2,001,472	2,041,501
Fanno Creek	989,006	1,085,880	1,023,621	1,059,448	1,088,583	1,110,354	1,132,562
Depreciation - Building	528,355	535,000	521,793	515,312	508,912	502,591	496,349
Depreciation - Other	250,826	267,066	236,000	235,665	235,330	234,996	234,662
Mortgage Interest	498,315	502,830	529,800	489,400	485,700	480,200	478,300
Net G & A (including offsets)	68,900	63,000	53,900	55,787	57,321	58,467	59,636
Contingency	-	25,000	25,000	25,000	25,000	25,000	25,000
Total Expenses	31,156,668	31,349,397	32,084,975	32,827,114	33,470,601	34,102,760	34,751,483
NET OPERATING REVENUE (EXP)	4,210,518	3,245,468	(1,613,917)	(2,134,386)	(1,283,074)	(1,531,282)	(1,816,475)
Unrealized Investment Gains /(Losses)	0	0	0	0	0	0	0
Realized Investment Gains/(Losses)	0	0	100,000	106,000	112,360	119,102	126,248
3% Investment Funding	175,000	175,000	178,500	183,855	186,061	188,294	190,554
NET REVENUE (EXPENSE)	4,385,518	3,420,468	(1,335,417)	(1,844,531)	(984,652)	(1,223,887)	(1,499,674)
Depreciation Expense (Addback)	779,181	802,066	757,793	750,977	744,242	737,587	731,011
Capital Expenditures (Subtract)	(135,000)	(150,000)	(175,000)	(125,000)	(105,000)	(100,000)	(100,000)
Mortgage Principal (Subtract)	(198,350)	(198,258)	(202,317)	(202,223)	(206,363)	(206,268)	(210,491)
LGIP "Rainy Day" Fund (\$300k)	0	0	0	0	0	0	0
Cash Position Carryover	0	-	4,831,349	3,876,408	2,455,631	1,903,857	1,111,290
NET CASH POSITION	\$ 4,831,349	\$ 3,874,276	\$ 3,876,408	\$ 2,455,631	\$ 1,903,857	\$ 1,111,290	\$ 32,138

Assumptions

No fee increase until 2027 of \$75

Assumes Section Assessments increase to \$11.50 from \$9.50

COLA increases of 3.0% in 2025; 2.5% in 2026, 2.0% in 2027, 2028 & 2029

Assumes that inflation drops to 3% in 2025, 2.5% in 2026 and 2% in 2027, 2028 & 2029

Oregon State Bar Forecast #2

2024 Inflation at 3.0%

	Forecast 2024	Budget 2024	Budget 2025	Budget 2026	Budget 2027	Budget 2028	Budget 2029
Revenue							
Membership Fees	\$11,623,725	\$11,562,995	\$11,480,691	\$11,602,151	\$12,923,428	\$ 12,901,458	\$ 12,849,852
Program Fees	7,103,355	6,966,700	7,152,382	7,295,430	7,441,338	7,590,165	7,741,968
Restricted Fund Revenues (includes RCAF)	14,272,500	13,696,895	9,484,310	9,673,996	9,867,476	10,064,826	10,266,122
Investment Income (Includes Interest)	1,166,000	1,175,000	1,085,400	823,499	848,203	873,650	899,859
PLF Grant	125,000	125,000	200,000	200,000	200,000	200,000	200,000
Fanno Creek Place	1,076,606	1,068,275	1,068,275	1,097,653	1,130,582	1,164,500	1,199,435
Total Revenue	35,367,186	34,594,865	30,471,058	30,692,728	32,411,028	32,794,598	33,157,236
Expenses							
Salary and Benefits	12,549,829	12,706,050	12,957,698	13,281,641	13,547,274	13,818,219	14,094,584
Program Expenses	14,480,048	14,306,329	14,914,449	15,287,311	15,593,057	15,904,918	16,223,016
Net Services Expenses	1,791,389	1,858,242	1,854,088	1,909,710	1,962,227	2,001,472	2,041,501
Fanno Creek	989,006	1,085,880	1,023,621	1,059,448	1,088,583	1,110,354	1,132,562
Depreciation - Building	528,355	535,000	521,793	515,312	508,912	502,591	496,349
Depreciation - Other	250,826	267,066	236,000	235,665	235,330	234,996	234,662
Mortgage Interest	498,315	502,830	529,800	489,400	485,700	480,200	478,300
Net G & A (including offsets)	68,900	63,000	53,900	55,787	57,321	58,467	59,636
Contingency	-	25,000	25,000	25,000	25,000	25,000	25,000
Total Expenses	31,156,668	31,349,397	32,116,350	32,859,273	33,503,404	34,136,218	34,785,611
NET OPERATING REVENUE (EXP)	4,210,518	3,245,468	(1,645,292)	(2,166,545)	(1,092,376)	(1,341,620)	(1,628,374)
Unrealized Investment Gains /(Losses)	0	0	0	0	0	0	0
Realized Investment Gains/(Losses)	0	0	100,000	106,000	112,360	119,102	126,248
3% Investment Funding	175,000	175,000	178,500	183,855	186,061	188,294	190,554
NET REVENUE (EXPENSE)	4,385,518	3,420,468	(1,366,792)	(1,876,690)	(793,955)	(1,034,225)	(1,311,573)
Depreciation Expense (Addback)	779,181	802,066	757,793	750,977	744,242	737,587	731,011
Capital Expenditures (Subtract)	(135,000)	(150,000)	(175,000)	(125,000)	(105,000)	(100,000)	(100,000)
Mortgage Principal (Subtract)	(194,461)	(198,258)	(198,350)	(202,223)	(202,317)	(206,268)	(206,363)
LGIP "Rainy Day" Fund (\$300k)	0	0	0	0	0	0	0
Cash Position Carryover	0	-	4,835,238	3,852,890	2,399,954	2,042,925	1,440,020
NET CASH POSITION	\$ 4,835,238	\$ 3,874,276	\$ 3,852,890	\$ 2,399,954	\$ 2,042,925	\$ 1,440,020	\$ 553,095

Assumptions

No fee increase until 2027 of \$90

Assumes Section Assessments increase to \$11.50 from \$9.50

COLA increases of 3.25% in 2025; 2.5% in 2026, 2.0% in 2027, 2028 & 2029

Assumes that inflation drops to 3% in 2025, 2.5% in 2026 and 2% in 2027, 2028 & 2029

OREGON STATE BAR

Budget and Finance Committee

Meeting Date: June 28, 2024
 From: Mike Williams, Chief Financial Officer
 Subject: Client Security Fund (CSF)

The 2024 Client Security Fund fee assessment was \$20 per active member. The assessment will provide ~298K toward reserves in 2024. As of May 31, 2024, four Deveny practice claims were outstanding. The outstanding amount pending for these four Deveny claims is \$98.2k.

As of April 30, 2024, the CSF reserve is \$1,834.2k. The “Pending” column captures all claim line items (using the existing cap); factored at a 100% payout for the remaining Deveny line items, and 75% estimated payout factor across all other claims. The projected claims for the remainder of 2024 plus the outstanding claims using the historical normalized average (excluding Deveny claims) which is \$275k per year, brings the total expected payouts in 2024 to \$417k. The projected surplus over the reserve minimum balance is approximately \$368k above the \$1.25MM minimum reserve by the end of 2024.

	CLAIM AMT	PENDING	AMOUNT PAID
Line Items not closed	\$ 621,068	\$ 308,957	\$ 6,275
Weighted Avg \$ Amount (Deveny @ 100%, and all others @ 75%)		75%	\$ 256,278
Reserve as of May 31, 2024			<u>\$ 1,860,623</u>
less expected payouts			<u>\$ (416,695)</u>
Reserve after expected payouts			<u>\$ 1,443,928</u>
Reserve after known pipeline of expected payouts			\$ 1,443,928
2024 Assessment remaining to be recognized (\$20/member ~ \$298K total)			<u>\$ 173,833</u>
Current available reserve			<u>\$ 1,617,762</u>
Reserve Minimum			<u>\$1,250,000</u>
Potential Net Additional Reserve Needed B/(W)			<u>\$ 367,762</u>

Projections through the end of 2029:

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Assessment	\$ 20.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 20.00
Number of Members	14,900	14,910	14,892	14,857	14,850	14,845
Total year (or remainder) CSF fees collected	\$ 173,833	\$ 223,648	\$ 223,375	\$ 222,850	\$ 222,747	\$ 296,899
Reserve as of May 31, 2024:	\$ 1,860,623	\$ 1,617,761	\$ 1,561,409	\$ 1,496,384	\$ 1,423,624	\$ 1,343,371
Restated reserve, including assessment fee (remaining/full year)	\$ 2,034,456	\$ 1,841,409	\$ 1,784,784	\$ 1,719,234	\$ 1,646,371	\$ 1,640,270
Estimated payouts remaining	\$ (416,695)	\$ (280,000)	\$ (288,400)	\$ (295,610)	\$ (303,000)	\$ (310,575)
Projected reserve, end of year	\$ 1,617,761	\$ 1,561,409	\$ 1,496,384	\$ 1,423,624	\$ 1,343,371	\$ 1,329,695
Reserve Minimum	\$ 1,250,000	\$ 1,250,000	\$ 1,250,000	\$ 1,250,000	\$ 1,250,000	\$ 1,250,000
Surplus / (Deficit)	\$ 367,761	\$ 311,409	\$ 246,384	\$ 173,624	\$ 93,371	\$ 79,695

Based on current projections through 2029 the CSF assessment at \$20 per active member in 2024 with a decrease in 2025 to \$15 through 2028 (TBD).

OREGON STATE BAR

Budget and Finance Committee

Meeting Date: June 28, 2024
 From: Mike Williams, Chief Financial Officer
 Subject: Budget & Finance Committee Work Plan 2024

Background

In an effort to provide visibility to activities pertaining to Budget & Finance in the calendar year 2024, the work plan has been prepared. This plan is intended to help map those activities that will require the committee’s review and/or approval in the upcoming year.

The below information was updated after discussions from the May 24, 2024, B&F committee meeting.

2024 AREAS OF FOCUS	TO DO TASKS	IN PROCESS (B&FC)	Cost \$K	B&FC TASKS DONE (Forecasted)	IN PROCESS (BOG)	BOG TASKS DONE
I. Revenues						
	Discount Threshold on Member Fees	Current restriction of \$45k, review the limit; discuss a potential tiered discount approach	TBD	Oct-24		
	Member Growth Proposals	Discuss ways to encourage increased Oregon Law School graduate retention in conjunction with PLF initiatives	TBD	In-process	In-process	
II. Expenditures						
	List of Write-offs	List of proposed write-offs (typically uncollected fee assessments).	\$8.6k	Apr-24	Complete	
	Client Security Fund	Review 2025 CSF assessment to include: 1. Decrease assessment to \$15 per member		Aug-24		
	Approval of 2025 Budget & 2025 Fee Schedule	1. First look 5-year horizon & fee schedule 2. Second pass budget review 3. Final committee budget review 4. Final BOG approval	Includes 2024 fee decision and discount discussion	1. (June 2024) 2. (July 2024) 3. (Sep 2024) 4. (Nov 2024)		1. 2. 3. 4.

2024 AREAS OF FOCUS	TO DO TASKS	IN PROCESS (B&FC)	Cost \$K	B&FC TASKS DONE (Forecasted)	IN PROCESS (BOG)	BOG TASKS DONE
III. Assets						
	Portfolio & Fund Investments	<i>The Investment Committee:</i> Review the various fund managers investment portfolio performance. 1. 2023 Investment Fund Performance 2. 3-month 2024 Fund Performance Review 3. 6-month 2024 Fund Performance Review 4. 9-month 2024 Fund Performance Review	TBD	1. (Feb 2024) 2. (April 2024) 3. (July 2024) 4. (Nov 2024)		1. Complete 2. Complete 3. 4.
IV. Compliance						
	Audit	Acceptance of the audit report for fiscal year 2023	\$49.9K	July 2024	included in 2024 budget	
	Audit	Appointment of auditors for the audit of 2024 fiscal year results.	TBD	Nov 2024		
	Sustainability Report	Acceptance of the 2023 sustainability report.	\$0 internal staff	April 2024 (draft)	In-process	

Discussion

This document is for discussion and information purposes.