

NEVADA LAWYER

EDITORIAL BOARD

Patricia D. Cafferata, Chair	Scott McKenna
Michael T. Saunders, Chair-Elect	Gregory R. Shannon
Richard D. Williamson, Vice Chair	Stephen F. Smith
Mark A. Hinueber, Immediate Past Chair	Beau Sterling
Erin Barnett	Kristen E. Simmons
Hon. Robert J. Johnston	Scott G. Wasserman
Lisa Wong Lackland	John Zimmerman

BOARD OF GOVERNORS

President:

Frank Flaherty, Carson City

President Elect:

Alan Lefebvre, Las Vegas

Vice President:

Elana Graham

Immediate Past President:

Constance Akridge, Las Vegas

Paola Armeni, Las Vegas	Mason Simons, Elko
Elizabeth Brickfield, Las Vegas	Hon. David Wall (Ret.), Las Vegas
Laurence Digesti, Reno	Ex-Officio
Eric Dobberstein, Las Vegas	Interim Dean
Vernon (Gene) Leverty, Reno	Nancy Rapoport, UNLV Boyd School of Law
Paul Matteoni, Reno	Richard Trachok, Chair Board of Bar Examiners
Ann Morgan, Reno	
Richard Pocker, Las Vegas	
Bryan Scott, Las Vegas	
Richard Scotti, Las Vegas	

STATE BAR STAFF

Executive Director: Kimberly K. Farmer

Bar Counsel: David A. Clark

**Director of Finance & Information
Systems:** Marc Mersol

Director of Admissions: Laura Meyers Gould

Program Director: Lisa McGrane

Asst. Director of CLE: Stephanie Hirsch

NEVADA LAWYER STAFF

Publications Manager:

Jennifer Smith (jennifers@nvbar.org)

Nevada Lawyer Coordinator:

Melinda Catren (melindac@nvbar.org)

Publications Specialist:

Christina Alberts (christinaa@nvbar.org)

GRAPHIC DESIGN

Georgina Corbalan

ADVERTISING INDEX

ABA RETIREMENT.....	43	IP SECTION.....	22
ADR SECTION.....	15	JAMS.....	13
AMERICAN BAR ASSOCIATION.....	8	JIMMERSON HANSEN.....	16
ARMSTRONG TEASDALE.....	47	KOLESAR & LEATHAM.....	10
BANK OF NEVADA.....	41	LAWYERS CONCERNED FOR LAWYERS.....	28
CHARLESTON INSURANCE GROUP.....	28	LEGISLATIVE COUNSEL BUREAU.....	BC
CLARK COUNTY BAR ASSOCIATION.....	23	NEEMAN & MILLS.....	9
COGBURN LAW OFFICES.....	48	PRIVATE TRIALS.....	19
DAVID FRANCIS LAW FIRM.....	24, 25	RIGHT LAWYERS.....	21
FASTCASE.....	IBC	STATE BAR OF NEVADA.....	29, 30, 31, 32
FENNEMORE CRAIG JONES VARGAS.....	37	THOMSON REUTERS.....	IFC
GAMING LAW SECTION.....	35	VERITI CONSULTING.....	27
HUTCHISON & STEFFEN.....	20		

Message from the President

Frank Flaherty, Esq., State Bar of Nevada President



DUES TALK

"I will not make any broad promises to you on behalf of the board, beyond stating that we do not anticipate a dues increase within the next few years and that the board and staff will continue to work diligently to control costs and to be smart with your dues dollars."

October always seems to be a good time to talk about money. At the last meeting of the Board of Governors (BOG), we spent some time discussing your licensing fees, typically referred to as "dues." I am happy to report that the State Bar of Nevada is in good shape, fiscally and otherwise. Thus, the conversation was not about raising dues; rather, the discussion was about whether or not the BOG should recommend to the Nevada Supreme Court that your dues be decreased.

This is a logical point for a recap of recent "dues history." In 2006, bar dues were increased to \$450 for active attorneys and \$125 for inactive attorneys. For newer admittees – admitted less than five years – dues were increased to \$250. Prior to 2006, bar dues had been at \$350 since 1997. Prior to 1997, the dues were \$250.

At the time of the 2006 increase, the BOG promised the membership that dues would not be increased again for five years. Internally, at the bar, we refer to this as the "five-year dues cycle." The board anticipated excess revenues generated in the early years of the dues cycle would primarily be set aside in the "designated dues fund" and spent in later years, when the bar's expenses were projected to exceed revenue. The 2006 dues increase was necessary to cover increased expenses for our then-growing bar, which had seen membership increase from 5,756 in 1998 to 8,511 in 2006. As of 2012, it now has 10,264 members – a 78 percent increase since 1998. By comparison, total bar staff has increased by roughly 45 percent since 1998, and now has 45 full-time employees.

There were additional reasons for increasing dues in 2006: to provide additional funding for the Clients' Security Fund; to supplement the bar's fee-based "core functions," namely admissions and continuing legal education; and to support pro bono by funding the Access to Justice Commission, whose director is one of the bar's full-time employees. Also in 2006, the board anticipated the need for a new headquarters in southern Nevada and, thus, part of the increased dues revenue was committed to a "building fund" for the purchase of larger headquarters.

2010 was the last year of the five-year dues cycle, when the board expected to draw down the last of the designated dues fund to cover increased expenses. However, I am happy to further report the bar has ended the year with net revenue in every year of the dues cycle and beyond. We finished the

year with net revenue in 2011, and we are projected to finish this year with net revenue as well. Thus, to date, the board has not had to draw from the designated dues fund, which explains why our discussion in August was about a potential “reduction” in dues.

After considering the issue carefully, the board decided not to recommend a dues reduction to the court. At this time, membership dues account for roughly 52 percent of state bar’s total revenue. The board reviewed a five-year projection based on admission trends. Admissions, which have generally trended upward, are expected to level off in 2015, to approximately 270 new admittees per year. Then, in 2016, our membership revenue will take another hit when 135 of you turn 70 and achieve dues-exempt status. No hard feelings; happy birthday. Thus, the net increase in membership dues dollars is projected to be only \$27,450 per year by 2016. By comparison the net increase in membership dues from 2010 to 2011 was \$86,739.

The board was also informed by what I refer to as “The Alaska Experience.” In 2008 Alaska Bar Association (AKBA) dues were \$550. The AKBA board decided to lower dues for a few years to reduce the “surplus” or “unappropriated capital” held by the bar. Accordingly, AKBA dues were lowered to \$410 in 2008, and set to increase to \$460 in 2009 and to \$500 in 2010. However, when the time to look at dues for 2011 came around, AKBA was forced to increase dues beyond \$500, beyond the \$550 at which the AKBA started this exercise, all the way to \$620! So what happened?

Unfortunately for AKBA: “the best laid plans of mice and men...” You know the rest. As it turned out, in 2011 there were “budget stressors” and insufficient “unappropriated capital,” and AKBA had to cut expenses *and* increase dues to \$620. But that bar’s tale of woe does not end there. In 2012, the unexpected struck – the state of Alaska declined to renew AKBA’s lease for its headquarters – and AKBA dues were increased to \$660. It is reported that if AKBA dues had been left undisturbed in 2008, AKBA members would most likely be paying \$550 today, and perhaps for several more years going forward.

In the end, the BOG concluded that any potential temporary benefit you would receive from a reduction in dues was outweighed by the risk of the unexpected. And of course, there is the expected as well. The bar has been actively pursuing a larger facility for its southern Nevada headquarters and an additional part of the surplus in the dues designated fund has already been allocated to that purpose. Also, I am happy to say that, because of the surplus in the dues designated fund, the board may be in a position, if it so chooses, to purchase and build out that new facility with only modest financing, or perhaps none at all.

This is my eighth year on the Board of Governors, and I can tell you that your board is vigilant when it comes to your dues dollars. I can also tell you that your entire bar staff, led by Executive Director Kim Farmer and Finance Director Marc Mersol, has worked diligently to reduce costs by examining alternatives and rethinking fundamental assumptions.

In closing, taking a lesson from The Alaska Experience, I will not make any broad promises to you on behalf of the board, beyond stating that we do not anticipate a dues increase within the next few years and that the board and staff will continue to work diligently to control costs and to be smart with your dues dollars. ■