

**State Bar of Texas General Fund
Financial Highlights
For the Eleven Months Ended April 30, 2018**

Total General Fund YTD results – As of April 30, 2018, the General Fund had a net excess of revenues over expenditures and transfers of \$2,945,322 compared to a budgeted net excess of \$769,055. This resulted in a positive overall variance of \$2,176,267 or 283%.

	Actual	Budget	Variance	% Variance
Total Revenues	\$39,633,441	\$38,571,357	\$1,062,084	3%
Total Expenditures and Transfers	36,688,119	37,802,302	1,114,183	3%
Net Excess	\$2,945,322	\$769,055	\$2,176,267	283%

Revenues

For the period ending April 30, 2018, total revenues were over budget by \$1,062,084 or 3%, thereby producing a positive actual to budget variance. An analysis of the revenues shows that the following department had a positive revenue variance in excess of \$10,000 and 10% for the period ending April 30, 2018.

- Texas Bar Journal – Total Positive Revenue Variance: \$102,366 or 21% - This positive revenue variance is due to higher than anticipated advertising sales.
- Investment Income – Total Positive Revenue Variance: \$201,098 or 183% - This positive revenue variance is due to a higher than anticipated yield on the State Bar’s investment portfolio for the current fiscal year.
- CDC Disciplinary Fees – Total Positive Revenue Variance: \$110,282 or 27% - This positive revenue variance is due an increased volume of Certificates of Good Standing.
- Minority Affairs – Total Positive Revenue Variance: \$68,737 or 20% - This positive revenue variance results from a higher than expected number of sponsorships and attendees for the Texas Minority Council Program.
- Web Management – Total Positive Revenue Variance: \$55,789 or 17% - This positive revenue variance results from higher than expected revenue generated in connection with law firm employment advertising.
- TYLA – Total Positive Revenue Variance: \$16,832 or 35% - This positive revenue variance is due to more than anticipated revenue from National Trial Competition.

- Miscellaneous, Sales Tax Discounts, Etc. – Total Positive Revenue Variance: \$15,077 or 31% - This positive revenue variance is primarily due to the collection of hotel occupancy tax refunds.
- Credit Card Processing Fees – Total Positive Revenue Variance: \$46,790 or 17% - This positive variance results from the convenience fee charged for membership dues credit card transactions. The convenience fee revenue is completely offset by credit card fees charged by the State Bar's merchant service provider.

An analysis of the revenues shows that the following departments had a negative revenue variance in excess of (\$10,000) and (10%) for the period ending April 30, 2018:

- Lawyer Referral – Total Negative Revenue Variance: (\$22,167) or (12%) – This negative revenue variance is due to a decrease in attorney fee collections.
- Legal Access Division – Total Negative Revenue Variance: (\$11,900) or (60%) – This negative revenue variance is due to a change in timing of the Poverty Law Conference. It has been combined with the Pro Bono Coordinator's Retreat to be held in September.

Expenditures

For the period ending April 30, 2018, total expenditures were under the allocated budget by \$940,101 or 3%, which resulted in a positive actual to budget variance.

An analysis of the expenditures shows that four departments, Deputy Executive Director, External Affairs Officer, Governmental Relations, and Member & Public Services Division Director had large positive expenditure variances in excess of \$10,000 and 10% in salaries and benefits for the year resulting from open positions within these departments. One department, Legal Counsel, had a negative variance in excess of (\$10,000) and (10%) resulting from a re-allocation of salary expenses for the Law Office Manager as well as a short-term increase for the Interim Executive Director.

An analysis of the expenditures shows that the following departments had negative expenditure variances in excess of (\$10,000) and (10%) for the period ending April 30, 2018:

- Minority Affairs – Total Negative Expenditure Variance: (\$43,565) or (10%) - This negative variance results from an increase in sponsorships and contributions which were used towards additional conference expenses. This variance is completely offset by a positive revenue variance as disclosed in the revenues section of this document.
- MCLE – Total Negative Expenditure Variance: (\$61,317) or (11%) – This negative variance primarily results from additional labor costs to implement a new information system this year.

TexasBarCLE (TBCLE)

For the period ending April 30, 2018, TexasBarCLE's net revenues over expenditures amount was over its budget target by \$615,787 or 16%, thereby producing a positive actual to budget variance.

	Actual	Budget	Variance	% Variance
TBCLE Revenues	\$13,259,401	\$12,954,621	\$304,780	2%
TBCLE Expenditures	8,752,510	9,063,517	311,007	3%
Net TBCLE Income	\$4,506,891	\$3,891,104	\$615,787	16%

In comparing TBCLE's performance to previous years, it is appropriate to make two comparisons: (1) compare the current fiscal year 17-18 to the previous fiscal year 16-17; and (2) compare the current fiscal year 17-18 to fiscal year 15-16. Fiscal years ending in odd numbers are considered to be "non-legislative years", in other words, they do not follow a legislative session. Fiscal years ending in even numbers are considered to be "legislative years" because they do follow a legislative session and TBCLE generally sees a surge in revenues following a legislative year. The surge in revenue generally results from legal issues arising during the legislative process; thereby creating a need for new or revised CLE programs.

In comparing actual revenues and expenditure amounts for the period ending April 30, 2018 to the prior period ending April 31, 2017, we see an increase in revenues of \$394,019 or 3%, and a decrease in expenditures of \$112,164 or 1% for an overall increase in net revenues of \$506,183 or 13%. This is showing the difference between financial performances based on a comparison of a "legislative year" to a "non-legislative year".

In comparing actual revenues and expenditure amounts for the current period ending April 30, 2018, to the period ending April 31, 2016, we see an increase in revenue of \$165,581 or 1% and a decrease in expenditures of \$15,672 or 0% for an overall increase in net revenues of \$181,253 or 4%. This is showing the difference between financial performances based on a comparison of two "legislative years."

Salaries and Benefits

For FY 2017-2018, the salaries and benefits budget totals \$23,952,187 or 57.4% of the overall \$41,730,040 General Fund budget before budgeted board commitments. The \$23,952,187 includes a 3% vacancy rate. The actual vacancy factor for the period ending April 30, 2018 was 4.9%. The actual salary and benefit expenditures had a \$265,638 positive variance to budget at the end of April 2018.

Budget	\$ 21,875,905
Actual	<u>21,610,267</u>
Variance	<u>\$ 265,638</u>

**State Bar of Texas
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Eleven Months Ending April 30, 2018**

	Annual Budget	YTD Budget	YTD Actual	YTD Variance \$ Fav/(Unfav)	YTD Variance % Fav/(Unfav)	YTD Budget Prior Year	YTD Actual Prior Year	YTD Prior Year Variance \$ Fav/(Unfav)	YTD Prior Year Variance % Fav/(Unfav)
REVENUES:									
Membership Dues	\$20,547,688	\$18,681,621	\$18,702,748	\$21,127	0%	\$18,748,323	\$18,455,841	(\$292,482)	(2%)
Accounting/Management Fees	650,351	596,231	596,239	8	0%	624,238	603,849	(20,389)	(3%)
Texas Bar Journal	551,200	487,680	590,046	102,366	21%	520,850	592,844	71,994	14%
SBOT Leadership Academy	10,000	4,998		(4,998)	(100%)	9,163	4,100	(5,063)	(55%)
MCLE Fees	3,103,800	2,815,147	2,910,668	95,521	3%	2,777,776	2,875,054	97,278	4%
TexasBar CLE	13,613,424	12,954,620	13,259,402	304,782	2%	12,603,919	12,865,383	261,464	2%
Investment Income	110,000	110,000	311,098	201,098	183%	90,000	171,066	81,066	90%
Lawyer Referral	190,000	180,000	157,833	(22,167)	(12%)	183,250	208,425	25,175	14%
Member Benefits	724,852	663,948	724,295	60,347	9%	591,614	601,928	10,314	2%
CDC Disciplinary Fees	474,732	415,963	526,245	110,282	27%	438,558	523,989	85,431	19%
Membership	12,250	11,226	14,370	3,144	28%	11,750	13,037	1,287	11%
Local Bars	11,500	11,500	13,300	1,800	16%	15,250	9,900	(5,350)	(35%)
Minority Affairs	347,700	340,700	409,437	68,737	20%	300,700	332,325	31,625	11%
Computer Services Dept.	1,200	1,100	1,100			1,100	1,100		
Website	360,000	329,750	385,539	55,789	17%	343,000	383,359	40,359	12%
Legal Access Division	20,000	20,000	8,100	(11,900)	(60%)	9,000	12,375	3,375	38%
Law Related Education	18,000	18,000	11,781	(6,219)	(35%)	18,000	11,617	(6,383)	(35%)
TYLA	50,000	48,500	65,332	16,832	35%	50,000	74,116	24,116	48%
Law Student Division	6,000	5,600	5,895	295	5%	6,000	16,005	10,005	167%
Purchasing & Facilities	49,403	44,973	41,074	(3,899)	(9%)	44,973	41,141	(3,832)	(9%)
Advertising Review	378,500	346,400	359,875	13,475	4%	327,400	332,700	5,300	2%
Miscellaneous, Sales Tax Discounts, Etc.	50,000	48,913	63,990	15,077	31%	35,913	73,286	37,373	104%
Credit Card Processing Fees	270,000	270,000	316,790	46,790	17%	260,000	298,895	38,895	15%
Rent	179,440	164,487	158,284	(6,203)	(4%)	135,627	135,627		
TOTAL REVENUES	41,730,040	38,571,357	39,633,441	1,062,084	3%	38,146,404	38,637,962	491,558	1%
EXPENDITURES									
Executive Division									
Executive Director	638,120	575,734	551,425	24,309	4%	644,536	522,730	121,806	19%
Deputy Executive Director	259,367	230,253	83,574	146,679	64%	205,660	221,584	(15,924)	(8%)
Legal Counsel	381,577	347,125	384,865	(37,740)	(11%)	326,586	302,441	24,145	7%
Assistant Deputy Director	214,229	197,320	187,495	9,825	5%	179,525	183,065	(3,540)	(2%)
Officers & Directors	836,836	708,768	650,155	58,613	8%	689,143	724,803	(35,660)	(5%)
Total Executive Division	2,330,129	2,059,200	1,857,514	201,686	10%	2,045,450	1,954,623	90,827	4%
External Affairs Division									
External Affairs Officer & Assistant Deputy Director	313,928	287,676	218,648	69,028	24%	221,652	209,756	11,896	5%
Governmental Relations	253,678	231,893	158,961	72,932	31%	327,291	168,701	158,590	48%
LeadershipSBOT	94,000	87,904	92,288	(4,384)	(5%)	85,404	87,907	(2,503)	(3%)
Sections	317,337	291,644	279,164	12,480	4%	266,131	265,726	405	0%
Local Bars	443,448	416,807	384,120	32,687	8%	401,393	374,151	27,242	7%
Special Events	73,604	72,435	69,889	2,546	4%	72,303	67,778	4,525	6%
Total External Affairs Division	1,495,995	1,388,359	1,203,070	185,289	13%	1,374,174	1,174,019	200,155	15%

**State Bar of Texas
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Eleven Months Ending April 30, 2018**

	Annual Budget	YTD Budget	YTD Actual	YTD Variance \$ Fav/(Unfav)	YTD Variance % Fav/(Unfav)	YTD Budget Prior Year	YTD Actual Prior Year	YTD Prior Year Variance \$ Fav/(Unfav)	YTD Prior Year Variance % Fav/(Unfav)
Legal & Attorney Services Division									
Legal & Attorney Services Division Director	217,902	199,570	193,817	5,753	3%	192,140	186,443	5,697	3%
Texas Lawyers Assistance Program	406,621	372,987	397,583	(24,596)	(7%)	343,518	366,723	(23,205)	(7%)
Legal Access Division	903,764	815,536	786,821	28,715	4%	1,146,608	1,161,742	(15,134)	(1%)
Total Legal & Attorney Services Division	1,528,287	1,388,093	1,378,221	9,872	1%	1,682,266	1,714,908	(32,642)	(2%)
Access to Justice Commission	850,972	737,819	672,720	65,099	9%	642,501	596,748	45,753	7%
Member & Public Services Division									
Member & Public Services Division Director	171,834	157,703	140,262	17,441	11%	151,919	151,763	156	0%
Center for Legal History	146,169	133,222	130,583	2,639	2%	126,477	105,940	20,537	16%
Law Related Education	493,194	464,738	428,426	36,312	8%	432,008	373,036	58,972	14%
Texas Young Lawyers Association	929,664	773,662	728,437	45,225	6%	757,518	769,569	(12,051)	(2%)
Law Student Department	20,266	16,730	15,513	1,217	7%	16,196	17,172	(976)	(6%)
SBOT Volunteer Committees	231,980	211,165	222,359	(11,194)	(5%)	226,515	234,555	(8,040)	(4%)
Total Member & Public Services Division	1,993,107	1,757,220	1,665,580	91,640	5%	1,710,633	1,652,035	58,598	3%
Professional Development Division									
Texas Bar CLE	9,931,052	9,063,518	8,752,586	310,932	3%	8,923,885	8,864,673	59,212	1%
Minority Affairs	463,169	433,098	476,663	(43,565)	(10%)	434,811	451,044	(16,233)	(4%)
Total Professional Development	10,394,221	9,496,616	9,229,249	267,367	3%	9,358,696	9,315,717	42,979	0%
Attorney Compliance Division									
Office of Attorney Compliance Director	172,507	158,728	153,075	5,653	4%	153,017	147,439	5,578	4%
Advertising Review	182,611	168,621	167,442	1,179	1%	164,304	162,339	1,965	1%
Client Attorney Assistance Program	572,585	524,761	486,871	37,890	7%	507,846	505,680	2,166	0%
Lawyer Referral	346,182	320,350	313,556	6,794	2%	311,283	297,006	14,277	5%
MCLE	583,339	537,144	598,461	(61,317)	(11%)	515,301	506,413	8,888	2%
Total Attorney Compliance Division	1,857,224	1,709,604	1,719,405	(9,801)	(1%)	1,651,751	1,618,877	32,874	2%
Administration Division									
Human Resources	314,551	290,964	268,030	22,934	8%	243,466	237,324	6,142	3%
Training/Tuition	71,133	33,000	23,551	9,449	29%	53,500	44,624	8,876	17%
Member Benefits	202,338	194,754	207,544	(12,790)	(7%)	195,470	205,845	(10,375)	(5%)
Purchasing & Facilities	1,240,885	1,143,951	1,081,486	62,465	5%	1,123,260	1,070,736	52,524	5%
Research & Analysis	163,305	147,454	135,203	12,251	8%	138,859	129,225	9,634	7%
Total Administration Division	1,992,212	1,810,123	1,715,814	94,309	5%	1,754,555	1,687,754	66,801	4%
Finance Division									

**State Bar of Texas
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Eleven Months Ending April 30, 2018**

	Annual Budget	YTD Budget	YTD Actual	YTD Variance \$ Fav/(Unfav)	YTD Variance % Fav/(Unfav)	YTD Budget Prior Year	YTD Actual Prior Year	YTD Prior Year Variance \$ Fav/(Unfav)	YTD Prior Year Variance % Fav/(Unfav)
Accounting	1,008,446	929,202	957,975	(28,773)	(3%)	1,114,591	957,546	157,045	14%
Membership	857,365	706,988	660,521	46,467	7%	670,636	716,479	(45,843)	(7%)
Other Administrative	1,659,583	1,422,113	1,492,542	(70,429)	(5%)	1,351,601	1,442,808	(91,207)	(7%)
Total Finance Division	3,525,394	3,058,303	3,111,038	(52,735)	(2%)	3,136,828	3,116,833	19,995	1%
Information Technology Division									
Information Technology	1,347,148	1,231,608	1,146,582	85,026	7%	1,245,505	1,149,975	95,530	8%
Customer Service	371,166	344,198	349,230	(5,032)	(1%)	324,555	327,537	(2,982)	(1%)
Total Information Technology Division	1,718,314	1,575,806	1,495,812	79,994	5%	1,570,060	1,477,512	92,548	6%
Communications Division									
Office of Communications Director	250,572	224,670	213,837	10,833	5%	209,997	204,984	5,013	2%
Texas Bar Journal	1,300,562	1,154,479	1,080,936	73,543	6%	1,125,943	1,048,708	77,235	7%
Printing	167,012	153,749	159,756	(6,007)	(4%)	149,013	152,967	(3,954)	(3%)
Graphics	165,256	151,485	152,779	(1,294)	(1%)	145,722	154,304	(8,582)	(6%)
Public Information	126,512	114,153	106,283	7,870	7%	99,370	95,064	4,306	4%
Web Management	396,220	299,138	292,900	6,238	2%	303,305	285,942	17,363	6%
Total Communications Division	2,406,134	2,097,674	2,006,491	91,183	4%	2,033,350	1,941,969	91,381	4%
Public Protection Division									
Chief Disciplinary Counsel	9,712,355	8,892,322	8,837,775	54,547	1%	8,676,995	8,424,003	252,992	3%
Grievance Oversight Committee	48,800	44,520	36,499	8,021	18%	44,520	36,983	7,537	17%
Unauthorized Practice of Law	170,000	136,915	134,522	2,393	2%	127,505	129,774	(2,269)	(2%)
Professional Ethics Committee	11,080	11,080	11,805	(725)	(7%)	11,080	18,652	(7,572)	(68%)
Board of Disciplinary Appeals	607,016	549,848	523,804	26,044	5%	531,274	510,062	21,212	4%
Total Public Protection Division	10,549,251	9,634,685	9,544,405	90,280	1%	9,391,374	9,119,474	271,900	3%
TOTAL EXPENDITURES	40,641,240	36,713,502	35,599,319	1,114,183	3%	36,351,638	35,370,469	981,169	3%
Transfers to:									
Bldg & Equip Fund	288,800	288,800	288,800			288,800	288,800		
Technology Fund	500,000	500,000	500,000			400,000	400,000		
Client Security Fund	300,000	300,000	300,000			300,000	300,000		
TOTAL TRANSFERS	1,088,800	1,088,800	1,088,800			988,800	988,800		
TOTAL EXPENDITURES & TRANSFERS	41,730,040	37,802,302	36,688,119	1,114,183	3%	37,340,438	36,359,269	981,169	3%
Excess (Deficit) of Revenues Over Expenditures & Transfers		769,055	2,945,322	2,176,267	283%	805,966	2,278,693	1,472,727	183%
Unrealized Net Gain (Loss) on Investments			(33,434)	(33,434)			(7,345)	(7,345)	

**State Bar of Texas
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Eleven Months Ending April 30, 2018**

	Annual Budget	YTD Budget	YTD Actual	YTD Variance \$ Fav/(Unfav)	YTD Variance % Fav/(Unfav)	YTD Budget Prior Year	YTD Actual Prior Year	YTD Prior Year Variance \$ Fav/(Unfav)	YTD Prior Year Variance % Fav/(Unfav)
Excess (Deficit) of Revenues Over Expenditures, Transfers and Unrealized Gain (loss) on Investments		769,055	2,911,888	2,142,833	279%	805,966	2,271,348	1,465,382	182%

BOARD COMMITMENTS									
Board Commitment - Student Loan Repayment Assistance Prc	350,000	350,000	350,000			350,000	350,000		
Board Commitment - Sheeran Crowley Memorial Trust	250,000	250,000	250,000						
Board Commitment - Technology Fund	750,000	750,000	750,000						
Board Commitment - Texas Opportunity & Justice Incubator Pr	1,000,000	222,497	222,497						
Board Commitment - Presidential Initiatives	301,753	136,142	136,142			55,055	55,055		
Board Commitment - Statewide Pro Bono Campaign	178,883	10,695	10,695			125,133	125,133		
Board Commitment - LAD 2018 Board Commitments	545,929	453,441	453,441						
Board Commitment - Referendum Reserve	100,000								
Board Commitment - Ethics Initiatives	17,131	4,660	4,660			1,300	1,300		
Board Commitment - Supreme Court Equipment Replacement	100,000	100,000	100,000						
Board Commitment - Document Preservation	50,000								
Board Commitment - Archives Digitization Project	100,000								
Board Commitment - Law Related Education Website Project						864	864		
Board Commitment - Texas Law Center Renovations	16,525	16,525	16,525						

TOTAL BOARD COMMITMENTS	3,760,221	2,293,960	2,293,960			532,352	532,352		

TOTAL YTD INCREASE (REDUCTION) IN FUND BALANCE	(3,760,221)	(1,524,905)	617,928	2,142,833	141%	273,614	1,738,996	1,465,382	536%
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**State Bar of Texas
General Fund
Balance Sheet
As of April 30, 2018**

Assets

Cash & Money Market Funds		\$	899,322
Investments	21,493,440		
Adjust Investments to Market	(43,658)		
Investments at Fair Market Value			21,449,781
Accounts Receivable:			
Sales	45,727		
Less Allowance for Doubtful Accounts	(2,286)		
Net Accounts Receivable - Sales			43,440
Accrued Interest			93,033
Interfund			1,779,489
Other			80,783
Inventory			8,221
Prepaid Expenditures			548,280
Total Assets		\$	24,902,350

Liabilities and Fund Equity

Liabilities

Accounts Payable:			
Cash - A/P			
Trade		\$	773,161
Interfund			2,381,354
Accrued Liabilities			296,562
Deferred Revenue -			
Membership Dues			4,258,896
Other			621,821
Other Liabilities			31,973
Total Liabilities			8,363,768

**State Bar of Texas
General Fund
Balance Sheet
As of April 30, 2018**

Fund Balances

Nonspendable - Prepays at May 31, 2017	\$	516,490	
Nonspendable - Inventory at May 31, 2017		8,796	
Nonspendable - Investments FMV Adjustment at May 31, 2017		(10,224)	
Board Committed - Minimum Reserve January 2018		9,868,603	
Board Committed - Texas Opportunity and Justice Incubator Program		1,000,000	
Board Committed - Legal Access Division Programs		1,102,700	
Board Committed - Client Security Fund		800,000	
Board Committed - Technology Fund		750,000	
Board Committed - Student Loan Repayment Assistance Program		700,000	
Board Committed - Presidential Initiatives		301,753	
Board Committed - Sheeran Crowley Memorial Trust		250,000	
Board Committed - Pro Bono Campaign		174,265	
Board Committed - Run-off Election Reserve		70,000	
Board Committed - Legal Access Fellowship Program		4,618	
Board Committed - Referendum Reserve		100,000	
Board Committed - Supreme Court Equipment Replacement		100,000	
Board Committed - Archives Digitization Project		100,000	
Board Committed - Ethics Initiatives		17,131	
Board Committed - Document Preservation		50,000	
Board Committed - Texas Law Center		16,525	

Total Fund Balance at May 31, 2017			15,920,657
Current Year Operations			
Nonspendable - Prepays at April 30, 2018		31,790	
Nonspendable - Inventory at April 30, 2018		(575)	
Nonspendable - Investments FMV Adjustment at April 30, 2018		(33,434)	
Board Committed Expenditures - SLRAP		(350,000)	
Board Committed Expenditures - Sheeran Crowley Memorial Trust		(250,000)	
Board Committed Expenditures - Technology Fund		(750,000)	
Board Committed Expenditures - Texas Opportunity & Justice Incubator Program		(222,497)	
Board Committed Expenditures - Presidential Initiatives		(136,142)	
Board Committed Expenditures - Supreme Court Equipment Replacement		(100,000)	
Board Committed Expenditures - Pro Bono Campaign		(10,695)	
Board Committed Expenditures - Legal Access Division Initiatives		(453,441)	
Board Committed Expenditures - Ethics Initiatives		(4,660)	
Board Committed Expenditures - Texas Law Center Renovations		(16,525)	
Amount Available for Board Commitment from Current Year Operations		2,914,105	

Total Current Year Increase (Reduction) in Fund Balance			617,926
Total Fund Balance			16,538,582

Total Liabilities and Fund Balance		\$	24,902,350
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State Bar of Texas
 Law Practice Resources Division
 Statement of Revenues and Expenses
 For the Eleven Months Ending April 30, 2018

	YTD Budget	YTD Actual	Budget %	2017-2018 Budget
Revenues:				
Book Sales Net of Estimated Returns	\$1,958,125	\$1,605,836	82%	\$2,395,466
Online Sales	151,250	208,668	138%	165,000
Total Sales	2,109,375	1,814,504	86%	2,560,466
Fees	9,167	15,898	173%	10,000
Interest	1,155	5,063	438%	1,260
Royalty	768,750	772,066	100%	1,045,000
	-----	-----	-----	-----
Total Revenues	2,888,447	2,607,531	90%	3,616,726
	-----	-----	-----	-----
Cost of Goods Sold:				
Finished Products	380,534	133,727	35%	468,882
Publicity/Advertising for Specific Titles	43,000	14,696	34%	43,700
Royalties	67,707	47,130	70%	130,546
Other	24,200	60,278	249%	48,000
	-----	-----	-----	-----
Total Cost of Goods Sold	515,441	255,831	50%	691,128
	-----	-----	-----	-----
Expenses:				
Salaries	1,147,221	1,172,188	102%	1,251,514
Benefits	392,043	367,761	94%	427,683
Travel	29,813	30,568	103%	30,425
Meetings & Conferences	1,650	1,141	69%	1,800
Professional Services	55,805	37,815	68%	60,878
Publicity/Advertising	13,500	3,200	24%	15,000
Dues/Subscriptions/Licenses	50,089	44,307	88%	52,109
Education/Training	11,590	9,508	82%	11,590
Supplies/Awards/Gifts/Spec. Items	16,152	22,553	140%	18,000
Rentals - Office, Equipment, Storage	154,891	151,308	98%	168,972
Maintenance/Repair	19,635	23,938	122%	21,420
Postage and Freight	171,889	76,229	44%	211,563
Telephone	3,575	4,249	119%	3,900
Insurance	4,400	5,413	123%	4,800
Administrative Fee	497,336	497,336	100%	542,548
Bad Debts	40,056	66,200	48%	49,356
Capital Lease Expense	11,275	8,353	74%	12,300
Copying	1,650	1,162	70%	1,800
Miscellaneous	0	15	0%	0
	-----	-----	-----	-----
Total Operating Expenses	2,622,570	2,523,244	96%	2,885,658
	-----	-----	-----	-----
Total Expenses	3,138,011	2,779,075	89%	3,576,786
	-----	-----	-----	-----
Net Income/(Loss)	(249,564)	(171,222)	69%	39,940
	=====	=====	=====	=====

State Bar of Texas
Law Practice Resources Division
Statement of Net Position
As of April 30, 2018

Assets

Accounts Receivable :		
Sales	\$ 786,194	
Less Allowance for Doubtful Accounts	(39,310)	
Net Accounts Receivable - Sales		746,885
Interfund Receivable - General Fund		215,263
Inventory		
Inventory - Finished Goods	566,770	
Inventory - Work in Process	408,333	
Less Inventory - Reserve	(108,041)	
Total Inventory Less Reserves		867,062
Intangible Assets:		
Fixed Assets:		
Furniture/Equipment	353,637	
Less Accumulated Depreciation	(318,315)	
Net Fixed Assets		35,321
Total Assets	\$	1,864,531

Liabilities and Net Position

Liabilities

Payables		46,534
Compensable Leave		87,166
Total Liabilities		133,700

Net Position

Net Position at May 31, 2017 - Unrestricted	197,136	
Designated - Minimum Operating Expenditures	721,415	
Designated - Projects in Process	943,500	
Designated - New Approved Projects	40,000	
Net Position at May 31, 2017		1,902,051
Current Year Operations		(171,220)
Total Net Position at 4/30/18		1,730,831
Total Liabilities and Net Position		1,864,531

State Bar of Texas
Client Security Fund
Statement of Revenues & Expenditures
For the Eleven Months Ending April 30, 2018

Revenues:

Interest	\$	26,329
Restitution/Other Income		2,874

Total Revenues		29,203

Expenditures:

Claims		702,840
Banking Fees		225

Total Expenditures		703,065

Excess (Deficit) of Revenue Over Expenditures		(673,862)
		=====

General Fund Operating Transfer In		300,000
Total Transfers In from General Fund		300,000

Unrealized Net Gain (Loss) from Investments		4,233

Net after Operating Transfer & Unrealized Net Gain (Loss)	\$	(369,629)
		=====

State Bar of Texas
 Client Security Fund
 Balance Sheet
 As of April 30, 2018

Assets

Cash & Money Market Accts.	\$	208,895
Investments		2,747,201
Adjust Investments to Market		(3,766)
Interest Receivable		6,295

Total Assets	\$	2,958,625
		=====

Liabilities:

Due To (From) General Fund	\$	744,566

Total Liabilities		744,566
-------------------	--	---------

Fund Balance

Beginning Fund Balance		2,583,689
Current Year Activity		(369,628)

Total Fund Balance		2,214,061

Total Liabilities and Fund Balance	\$	2,958,627
		=====

State Bar of Texas
Combining Statement of Revenue & Expenditures
And Changes in Fund Balance
All Special Revenue Funds
For the Eleven Months Ending April 30, 2018

	Law Focused Grants	TBLS	Convention Fund	Texas Law Center	Texas Bar College	Technology Fund	Misc Grant Fund	Total
Fees		\$ 1,274,151	\$ 290,075		\$ 233,637			\$ 1,797,863
Sales			31,899		1,208			33,107
Investments	100	8,915	980	36,780	458			47,233
Grants	615,324						28,900	644,224
Contributions			232,920		11,000		43,117	287,037
Rent				500				500
Other Revenue		18,315						18,315
Total Revenues	615,424	1,301,381	555,874	37,280	246,303		72,017	2,828,279
Salaries		395,115			94,529			489,644
Benefits		148,304			26,504			174,808
Salaries & Wages - Temporary					3,091			3,091
Travel	99,836	33,480	13,500		33,680		234	180,730
Meetings & Conferences	40,641	41,335	528,126		2,211			612,313
Professional Services	136,733	98,959	7,443	455	8,980		30,908	283,478
Publicity/Advertising	400	73,865	34,000		3,260			111,525
Dues/Subscriptions/Licenses	1,825	18,338	1,844		1,944	7,228		31,179
Education/Training					45			45
Supplies/Awards/Gifts/Spec. Items	51,255	6,022	8,410		8,628	44,513		118,828
Rentals - Office, Equipment, Storage	14	105,574	617		1,256			107,461
Maintenance/Repair				3,260		297,114		300,374
Postage and Freight	3,915	3,078	14,506		5,512			27,011
Telephone		16,352			1,175			17,527
Administrative	3,871	71,217	8,400		36,239			119,727
Fixed Assets		5,326				299,623		304,949
Printing and Copying	5,897	7,483	25,313		12,503			51,196
Total Expenditures	344,387	1,024,448	642,159	3,715	239,557	648,478	31,142	2,933,886
Transfer (In) / Out				(288,800)		(1,250,000)		(1,538,800)
Total Expenditures & Transfers	344,387	1,024,448	642,159	(285,085)	239,557	(601,522)	31,142	1,395,086
Unrealized Net Gain (Loss) on Investments				(2,728)				(2,728)
Total Revenues less Expenditures	271,037	276,933	(86,285)	319,637	6,746	601,522	40,875	1,430,465
Beginning Fund Balance at 6/1/17		1,048,570	423,464	3,347,784	204,104	731,684		5,755,606
Ending Fund Balance at 4/30/18	\$ 271,037	\$ 1,325,503	\$ 337,179	\$ 3,667,421	\$ 210,850	\$ 1,333,206	\$ 40,875	\$ 7,186,071



DATE: May 18, 2018
TO: Consulting Firms
FROM: Tracy Jarratt, Finance Division Director, State Bar of Texas
On behalf of the Audit and Finance Committee
SUBJECT: Request for Proposal: SBOT2018-0518

The State Bar of Texas is soliciting proposals from qualified firms to perform consulting and advisory services for the State Bar of Texas and its members. The State Bar is seeking to procure consulting services specifically related to increasing the State Bar's transparency in areas that are important to its board, members, and the general public. The Board seeks to consult with an independent, qualified party with expertise in this area to review the State Bar's practices and provide recommended actions that may improve the State Bar's openness and communications with State Bar members and the public while properly safeguarding confidential or protected information.

Enclosed for your consideration is a Request for Proposals (RFP).

To be considered for this engagement, your firm must meet the qualifications and satisfy the requirements set forth in the RFP. Completed proposals must be received at either of the addresses listed below by 2:00 pm C.S.T. on or before June 8, 2018.

Mailing Address

Tracy Jarratt, Finance Dept.
P.O. Box 12487
Austin, TX 78711

Hand Delivery Address

Tracy Jarratt, Finance Dept.
1414 Colorado Street, 3rd Floor
Austin, TX 78701

Mark envelope with the following subject line: RFP- SBOT2018-0518

Proposals shall be signed and dated. Proposals, which are not signed and dated, shall be rejected.

All proposals must be received at the designated location by the deadline shown. Proposals received after the deadline will not be considered for the award of the contract, and shall be

considered void and unacceptable. The State Bar of Texas reserves the right, in its sole discretion, to accept or reject any and all proposals as it determines is in its best interest.

The State Bar of Texas complies fully with nondiscrimination provisions of all state and federal rules, laws, guidelines, regulations and executive orders by ensuring that all applicants receive equal consideration. The State Bar of Texas reserves the right to make an award on the basis of low line item bid, low total of line items, or in any other combination that will serve the best interest of the State Bar of Texas and to reject any and all bids in the sole discretion of the State Bar of Texas.

All questions and correspondence should be directed to Tracy Jarratt, Finance Division Director in writing at the above address or by email at: tracy.jarratt@texasbar.com. Contact with State Bar of Texas personnel other than Tracy Jarratt, Finance Division Director, regarding this RFP may be grounds for elimination from the selection process.



Tracy Jarratt, Finance Division Director

Date: 5/18/18

STATE BAR OF TEXAS

**REQUEST FOR PROPOSALS
FOR PROFESSIONAL
CONSULTING SERVICES**

RFP Reference Number: SBOT2018-0518

May 2018

Prepared By:
Tracy Jarratt, Finance Division Director



INVITATION TO SUBMIT PROPOSALS

The State Bar of Texas (**State Bar**) is requesting proposals from qualified firms (or consultants) to perform consulting and advisory services regarding transparency in governance and operations of the State Bar. The selected firm will advise the State Bar and its Board of Directors (**Board**) on its findings with the goal of identifying areas of improvement and best practices for governmental agencies in communicating to the public and state bar members.

The State Bar is seeking qualified firms to respond to this RFP (Respondents) who have the requisite experience to perform the basic services described in this RFP. If you are interested in submitting a proposal, please adhere to the **General Instructions** as outlined in the enclosed Request for Proposal (**RFP**).

The State Bar of Texas complies fully with nondiscrimination provisions of all state and federal rules, laws, guidelines, regulations and executive orders by ensuring that all applicants receive equal opportunity for consideration. No person shall be discriminated against in terms of race, religion, color, national origin, sex, disability, military service/veteran status, sexual orientation, or age.

Respondents should pay particular attention to all **INSTRUCTIONS, REQUIREMENTS, and DEADLINES** indicated in the attached documents and respond accordingly. The State Bar of Texas reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the State Bar of Texas and the firm selected.

At the time and place established for receipt of the proposal, the State Bar will only release, on request, the names of the Respondents. No other information will be released until after the Board has evaluated the proposals and selected a firm at a regularly scheduled board meeting.

It is anticipated the selection of a firm will be considered by the Board at its regularly scheduled meeting on June 20, 2018. The firm selected will be notified on or before July 6, 2018. Following the notification of the selected firm it is expected that an engagement letter from the selected firm will be received on or before July 13, 2018.

We appreciate your efforts and look forward to reviewing your submission.

RFP Reference Number: SBOT2018-0518

**Deadline for Submission of Proposals is June 8, 2018, by 2:00 p.m. C.S.T.
No proposals will be accepted or considered after the deadline.**

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Appendix A. Proposer Warranties

Appendix B. Dollar Cost Fee Estimate

I. GENERAL INSTRUCTIONS

A. Questions

Deadline for Questions from Respondents is June 1, 2018 by 5:00 p.m. C.S.T.

Any inquiries concerning the request for proposals should be addressed to Tracy Jarratt, Finance Division Director, tracy.jarratt@texasbar.com.

B. Submittal Procedure

**Deadline for Submission of Proposals is June 8, 2018, by 2:00 p.m. C.S.T.
No proposals will be accepted or considered after the deadline.**

To be considered, one (1) original and five (5) photocopies, and an electronic copy of a proposal on a flash drive must be submitted in a sealed envelope and delivered as follows:

Mailing address

ATTN: Tracy Jarratt
Finance Division Director
State Bar of Texas
P.O. Box 12487
Austin, TX 78711-2487

Hand delivery address

ATTN: Tracy Jarratt
Finance Division Director
State Bar of Texas
1414 Colorado, 3rd Floor
Austin, TX 78701

The State Bar of Texas reserves the right to reject any or all proposals submitted and to waive any minor irregularities in proposals received. Proposals submitted will be evaluated by the Finance Division Director and the State Bar Audit & Finance Committee. **A representative from the firm should be available, either in person, or by teleconference, on June 15, 2018 (at a time to be determined) to be interviewed by the Audit & Finance Committee if selected for an interview.** The interview will be conducted at the Texas Law Center, 1414 Colorado, Austin, TX 78701.

II. DESCRIPTION OF THE ORGANIZATION

A. Name and Telephone Number of Contact Persons

The consultant's principal contact with the State Bar of Texas will be Tracy Jarratt, Finance Division Director or her designated representative, who will coordinate the assistance to be provided by the State Bar of Texas to the consultant. Ms. Jarratt can be reached at 800.204.2222, ext. 1481 or 512.427.1481 or by email: tracy.jarratt@texasbar.com.

B. Background Information

The State Bar of Texas's enabling legislation, Chapter 81 of the Texas Government Code, provides the authority for operation of the State Bar of Texas. The State Bar of Texas is an administrative agency of the Supreme Court of Texas. All Texas licensed attorneys are required to be members of the State Bar, currently numbering over 100,000 attorneys. The purposes of the State Bar are set forth in Tex. Govt. Code section 81.012. Its primary regulatory responsibility is to serve the Supreme Court in the regulation of the practice of law in the State of Texas. The State Bar is governed by a statewide Board of Directors and is headed by an Executive Director.

The State Bar's fiscal year begins on June 1 and ends on May 31. The fiscal year 2017-2018 budget (for both revenue and expenditures) for the State Bar of Texas is \$51.8 Million. The State Bar is not a state-appropriated agency, and its revenue is derived principally from membership dues, fees from the sale of books and publications, advertising revenue from the *Texas Bar Journal* magazine, website advertising revenue, and fees from accrediting and providing continuing legal education seminars. The State Bar's budget is subject to approval by the Texas Supreme Court.

III. TIMELINE AND SCHEDULE OF ENGAGEMENT

A. Proposal Calendar

The following is a list of key dates up to and including the date proposals are scheduled to be submitted:

Request for proposal issued	<u>May 18, 2018</u>
Deadline for Questions	<u>June 1, 2018</u>
Due date for proposals	<u>June 8, 2018</u>
Selection of firm at Board Mtg.	<u>June 20, 2018</u>
Selected firm notified	<u>on or before July 6, 2018</u>
Contract for services executed	<u>on or before July 13, 2018</u>

B. Commencement of Engagement

The State Bar of Texas will have all records requested ready for review and all management personnel available to meet with the firm's personnel upon mutual agreement.

C. Schedule for Engagement

The firm will submit for review and approval by the Finance Division Director, a schedule of engagement functions as follows:

1. Information to be Provided by the State Bar of Texas. The firm shall provide the State Bar of Texas a list of all schedules and other assistance to be prepared by the State Bar staff sufficiently in advance to permit the tasks to be timely performed by the staff.
2. Engagement. The engagement and commencement of fieldwork is flexible, and on site resources such as office space, will be made available upon request.
3. Issues Identified. The firm shall ensure that staff have the expertise and experience needed to complete the engagement. Issues identified should be communicated regularly at status or meetings with State Bar representatives.
4. Draft Reports. The firm shall furnish drafts of the report(s)/findings and recommendations to management for review on or before September 7, 2018. The Finance Division Director shall provide all recommendations, revisions and suggestions for improvement within five (5) business days of receipt of the draft.

D. Entrance Conferences, Progress Reporting and Exit Conference

The selected firm will schedule an entrance conference, if requested, periodic progress reports and an exit conference with the Executive Director and staff. The State Bar of Texas understands that the fees stated in any proposal will be estimates and are subject to change as a result of unforeseen circumstances that may arise. *However, the consultant must communicate the existence of such*

circumstances to the Finance Division Director prior to performing work that will result in fees exceeding the proposed amounts.

E. Other Matters

The firm will make a detailed presentation of their report at the meeting of the Audit & Finance Committee and Board of Directors meeting to be held in September. During the meetings, the firm shall be prepared to discuss the results and recommendations of the report and be prepared to answer any questions.

IV. PROPOSAL STIPULATIONS

A. Modification or Withdrawal of Proposal

Any proposal may be modified or withdrawn prior to the deadline for submission of proposals, provided such modification or withdrawal is submitted in writing and received by the State Bar Finance Division Director prior to the deadline. Any modification or withdrawal received after the deadline for submission of proposals will not be considered.

B. Deviations From this RFP and the Engagement Agreement Proposed Herein

Respondents must explicitly identify and list in Section IX of their proposal any and all exceptions or proposed modifications to, or deviations from, the requirements of this RFP.

C. Irregularities in Proposals

Except as otherwise stated in this RFP, evaluation of all proposals will be based solely on information contained in the written proposal. The State Bar shall not be held responsible for any errors, omissions, or oversights in any submitted proposal.

The State Bar may reject any proposal containing a statement, representation, warranty, or certification which the State Bar determines to be materially incorrect, false, misleading, or incomplete. Additionally, any errors, omissions, or oversights in any proposal may constitute grounds for rejection of the proposal by the State Bar.

The inability of a Respondent to provide one or more of the services or capabilities required by this RFP does not, in and of itself, preclude acceptance by the State Bar of a proposal. All proposals will be evaluated as a whole by the State Bar in keeping with the best interests of the State Bar.

D. References

Proposals must be accompanied by a comprehensive list of references. Respondents are required to provide a minimum of three (3) references to whom the Respondent has provided services similar or relevant to those set forth in this request for proposals. The references must include the name, address, contact person, telephone numbers, email address, the services provided by the Respondent, and the dates those services were performed.

E. Oral Presentations/Interviews

Any Respondent that submits a proposal may be requested by the State Bar to make an oral presentation for further clarification of the proposal. The oral presentation may be made in person or conducted via telephone.

F. Amendments and Revisions to this Request for Proposal

If the State Bar determines it advisable or necessary to amend or revise this RFP, the amendment or revision will be provided to each Respondent by email.

G. Disclosure of Proposals

The State Bar of Texas is subject to the Texas Public Information Act, Tex. Govt. Code Ch. 552 (TPIA). Once proposals are opened and the contract is awarded, all or part of the proposals may be subject to disclosure to the public upon request. The TPIA, however, does not require disclosure of trade secrets or confidential commercial or financial information obtained from a Respondent. If the State Bar receives a request for disclosure of a proposal under the TPIA, the State Bar will send a notice to the Respondent submitting the proposal within ten days after receipt of the request. The notice will inform the Respondent of his or her rights under the TPIA. More information concerning the applicability of the TPIA to proposals can be obtained from the Texas Attorney General or from the Attorney General's website at <http://www.texasattorneygeneral.gov>. If a proposal includes proprietary data or information that the Respondent does not want disclosed to the public, such data or information should be specifically identified as such on every page on which it is found.

H. Retention of Proposals

All proposals submitted to the State Bar shall become the property of the State Bar and will not be returned to the Respondent submitting the proposal.

I. Expenses

The State Bar shall not be responsible for expenses incurred by the Respondent in preparing and submitting a proposal.

J. Incorporation of the Respondent's Proposal

The State Bar intends, and reserves the right to, incorporate the successful Respondent's proposal into the resulting Engagement Agreement, by reference or in full, including any revisions and supplements.

V. PROPOSAL REQUIREMENTS

A. Submission of Proposals

The following material is to be received by 2:00 p.m. on Friday, June 8, 2018, for a proposing firm to be considered:

- a. A master copy (so marked) of a Technical Proposal and five (5) copies to include the following:
 - i. Title Page. Title page showing the subject of the request for proposal; the firm's name; the name, address and telephone number of the contact person; and the date of the proposal.
 - ii. Table of Contents

- iii. Transmittal Letter. A signed letter of transmittal briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes it to be best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for ninety (90) days.
- iv. Executed copies of Certification and Signature Page as set forth in Section X and Proposer Warranties as included in this request for proposal (Appendix A).

B. Technical Proposal

1. General Requirements

The purpose of the Technical Proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake a consulting engagement of the State Bar of Texas in conformity with the requirements of this request for proposals. As such, the substance of proposals will carry more weight than their form or manner of presentation. The Technical Proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an approach that will meet the request for proposals requirements.

The Technical Proposal should address all points outlined in the request for proposals. The Proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposals.

While additional data may be presented, the following subjects, items Nos. 2 through 8, must be included. They represent the criteria against which the proposal will be evaluated.

2. Independence

The firm should provide an affirmative statement that it is independent of the State Bar of Texas and no conflict of interest exists regarding the firm or the consultants working on the engagement.

In addition, the firm should list and describe the firm's professional relationships involving the State Bar of Texas or any of its agencies, component units or oversight units for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed engagement.

3. Firm Qualifications and Experience

The proposal should state the size of the firm, the location of the office from which the work on this engagement is to be performed, and the number and nature of the professional staff to be employed in this engagement.

If the proposer is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified and the firm that is to serve as the principal consultant should be noted, if applicable.

The firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past five (5) years with state or federal regulatory bodies or professional organizations.

4. Partner, Supervisory and Staff Qualifications and Experience

The firm should identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement. The firm should also provide information on the relevant experience of each person, including other relevant engagements and education or other relevant certifications and experience.

The firm should evaluate, both initially, and on an ongoing basis, whether the qualifications and experience of key personnel involved in the engagement is sufficient to provide a high-quality report that meets the requirements of this proposal, and should disclose in its proposal an acknowledgement of this review.

The firm should provide a description of its policy on notification of changes in key personnel.

5. Similar Engagements with Other Government Entities

For the firm's office that will be assigned responsibility for the engagement, list the most significant engagements (maximum of five) performed in the last three (3) years that are similar to the engagement described in this request for proposals. Indicate the scope of work and the name and telephone number of the principal client contact.

6. Specific Approach

The proposal should set forth a work plan, including an explanation of the methodology to be followed, to perform the services required in Section VI of this request for proposals.

C. Dollar Cost Bid

1. Total All-Inclusive Maximum Price

The dollar cost fee estimate should contain all pricing information relative to performing the engagement as described in this request for proposals. The total all-inclusive maximum price proposed shall contain all direct and indirect costs including all out-of-pocket expenses. The State Bar of Texas is not obligated to accept the lowest priced proposal.

The State Bar of Texas will not be responsible for expenses incurred in preparing and submitting the technical proposal or the sealed dollar cost bid. Such costs should not be included in the proposal.

The first page of the dollar cost fee estimate should include the following information:

- a) Name of Firm;
- b) Certification that the person signing the proposal is authorized to represent the firm, empowered to submit the fee estimate, and authorized to sign a contract with the State Bar of Texas; and
- c) A total all-inclusive maximum price for the engagement.

2. Rates for Partner, Specialist, Supervisory and Staff Level Time Hours Anticipated for Each

The second page of the sealed dollar cost fee estimate should include a schedule of professional fees and expenses, presented in the format provided in this proposal (Appendix B) that supports the total all-inclusive maximum price.

3. Rates for Additional Professional Services

If it should become necessary for the State Bar of Texas to request the firm to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the State Bar of Texas and the firm, signed by both parties. Any such additional work agreed to between the State Bar of Texas and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the sealed dollar cost fee estimate.

4. Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's dollar cost fee estimate. Interim billing shall cover a period of not less than a calendar month.

VI. SCOPE AND NATURE OF SERVICES

A. Background

The State Bar of Texas Board of Directors believes that transparency and effective communications are important principles of good governance. The Board seeks to consult with an independent, qualified party with expertise in this area to obtain advice and recommendations. The Board seeks to review the State Bar's practices and proactively consider recommended actions that may improve the State Bar's openness and communications with State Bar members and the public while properly safeguarding confidential or protected information.

Included in the State Bar's mission is that the State Bar "foster high standards of ethical conduct for lawyers." The Board believes that emphasizing the importance of ethics and transparency in its culture and governance, and working with the State Bar's staff to support those goals, will support its mission of fostering high standards of ethical conduct.

The goal of this engagement is to confirm the existence of processes to ensure compliance with governing statutes, laws, and policies related to transparency, including the State Bar Act, State Bar Rules, Texas Public Information Act, and the Texas Open Meetings Act, and to consider any best practices that might enhance organizational transparency beyond the requirements of governing laws, rules, and policies.

B. Term of Engagement

An engagement is contemplated, subject to the review and recommendation of the Audit & Finance Committee and approval by the Board of Directors, and the satisfactory negotiation of terms (including a price acceptable to both the State Bar of Texas and the selected firm).

C. Scope of Work

The State Bar of Texas is soliciting a firm to perform consulting and advisory services for the State Bar and its members. The consulting arrangement should be conducted in accordance with

American Institute of Certified Public Accounting Consulting Standards or other similar consulting standards, unless otherwise agreed.

The State Bar is seeking to procure consulting services specifically related to increasing the State Bar's transparency in areas that are important to its board, members, and the general public.

Some of the key principles of transparency, as described by the Carmichael Centre, include the following actions:

1. "Identifying those who have a legitimate interest in the work of our organization (stakeholders) and making sure that there is regular and effective communication with them about our organization;
2. Responding to stakeholders' questions or views about the work of our organization and how we run it;
3. Encouraging and enabling the engagement of those who benefit from our organization in the planning and decision-making of the organization" (Source: <https://goodgovernanceawards.ie/5-principles-good-governance/>).

The engagement should result in a written report that includes (1) a study and identification of the information and communications that the State Bar's members and the public require and/or desire; (2) the identification of the processes and tools currently in place to provide information needed; (3) a review to confirm the existence of processes to ensure compliance with governing statutes, laws, and policies related to transparency, including the State Bar Act, State Bar Rules, Texas Public Information Act, and the Texas Open Meetings Act; and (4) recommendations for improvements to processes and policies, or for new processes and policies to best meet the needs of the interested parties. The consultant's examination should report on and provide recommendations on the timeliness, clarity, and quality of information provided and/or recommended when reasonably possible.

The areas of the State Bar to which best practices of transparency should be examined should be identified through interviews and collaboration with its members and the public by the independent firm or consultant. This collaboration may include interviews, surveys, online meetings and/or in-person focus groups, review of frequently requested information, review of media, or other research as recommended by the consultant. The interviews and collaboration should allow for anonymous input by Bar members and the public.

At a minimum, the firm should review the transparency of areas related to governance, communication of issues being considered by the State Bar's Board, committees, and staff, processes and communications relating to financial operations, including performance and budgeting, and other relevant processes.

The firm should also examine the extent to which the expectation of strong ethics and integrity is communicated to those charged with governance, including the Board of Directors, management and staff, and the extent to which non-compliance with such standards are reported and addressed as appropriate.

The criteria for the engagement should be recommended by the consultant and included in the proposal. The firm may consider transparency and ethics standards as provided by the National Association of Corporate Directors, Committee of Sponsoring Organizations of the Treadway Commission, National Council of Nonprofits, or other nationally or internationally reputable entities. Relevant sources, such as the State Bar Act, the State Bar Rules, Board Policy Manual, and internal policies and procedures should also be considered and referenced where applicable.

D. Standards to be Followed

To meet the requirements of this request for proposals, the consulting service shall be performed and the report prepared in accordance with all applicable AICPA Statements on Consulting Services or other similar consulting standards, unless otherwise agreed.

E. Reporting to the Chair of the Audit & Finance Committee, Executive Director, and Finance Division Director. The firms shall ensure that the State Bar of Texas' Executive Director, Chair of the Audit & Finance Committee, and Finance Division Director are informed of each of the following:

- The consultant's responsibility under consulting standards generally accepted in the United States of America;
- Planned scope and timing of the engagement;
- Significant difficulties encountered during the engagement;
- Disagreements with management;
- Other significant findings or issues; and
- Recommendations regarding the internal control structure

Irregularities and illegal acts. Firms shall be required to make an immediate, written report of any irregularities and illegal acts of which they become aware to the following parties:

- Executive Director;
- Legal Counsel;
- Chair of the Audit & Finance Committee;
- Finance Division Director; and
- General Counsel

F. Special Considerations

The firm shall provide fifteen (15) bound copies and an electronic copy of the final report. The report should be completed and report issued by September 14, 2018, unless extended by the State Bar Finance Division Director.

G. Retention and Access of Working Papers

All working papers and reports must be retained, at the consulting firm's expense, for a minimum of three (3) years, unless the firm is notified in writing by the State Bar of Texas of the need to extend the retention period. The firm or consultant will be required to make working papers available, upon request, to the following parties or their designees: (1) State Bar of Texas; (2) Parties designated by the State Bar of Texas as part of an audit quality review process.

In addition, the firm shall respond to the reasonable inquiries of successor consultants and allow successor consultants to review working papers relating to matters of continuing significance, at no additional cost to the State Bar of Texas.

VII. ASSISTANCE TO BE PROVIDED BY THE STATE BAR

A. Accounting Department and Clerical Assistance

The State Bar staff and responsible management personnel will be available during normal working hours throughout the course of the engagement to assist the firm by providing information, documentation and explanations.

B. Information and Schedules to be Prepared by the Staff of the State Bar of Texas

The firm or consultant should provide a list of information and schedules that they would like the staff of the State Bar of Texas to prepare. The State Bar of Texas is committed to furnish as much information and prepare as many schedules as time permits and as may be reasonable under the circumstances.

C. Work Area, Telephone, Photocopying, & Internet

The State Bar of Texas will provide the firm or consultant with reasonable workspace along with access to telephones, photocopying equipment and internet access subject to the following restrictions: Long distance telephone charges shall not be charged to the State Bar of Texas' phone lines.

VIII. EVALUATION PROCEDURES

A. Review of Proposals

The Finance Division Director and the Audit & Finance Committee will review the proposals in accordance with the criteria set forth in Section VIII. The State Bar of Texas reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether that proposal is selected.

B. Evaluation Criteria

Proposals will be evaluated using three (3) sets of criteria; (1) Mandatory Elements; (2) Technical Qualifications; and (3) Cost Fee Estimate. Firms meeting the mandatory criteria will have their proposal evaluated and scored for both technical qualifications and cost fee estimate. The following represent the principal selection criteria, which will be considered during the evaluation process.

1. Mandatory Elements

- a) The firm has no conflict of interest with regard to any other work performed by the firm for the State Bar of Texas or any of its related entities including the Texas Bar Foundation, Texas Center for Legal Ethics, Texas Bar College, Texas Board of Legal Specialization, Texas Access to Justice Commission, and State Bar sections.
- b) The firm has a record of quality consulting work that is relevant to this engagement.
- c) The firm adheres to the instructions in this request for proposals on preparing and submitting the proposal.

2. Technical Quality

- a) Expertise and Experience

- 1) The firm's past experience and performance on comparable engagements.
 - 2) The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation.
 - 3) Ability to perform additional services and provide technical support throughout the year.
- b) Engagement Approach
- 1) Comprehensiveness of work plan.
 - 2) Adequacy of proposed staffing plan for various segments of the engagement and the quality of the firm's management support personnel to be available for technical consultation.

3. Cost Fee Estimate

C. Oral Presentations

During the evaluation process, the Finance Division Director or Executive Director may, at their discretion, request any one or all firms to make oral presentations. Not all firms may be asked to make such oral presentations.

D. Final Selection

The State Bar of Texas will select a firm based upon the recommendation of the Audit & Finance Committee and approval by the Board of Directors. The recommended firm may be required to make an oral presentation to the Audit & Finance Committee and Board of Directors.

E. Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the State Bar of Texas and the firm selected. *The State Bar of Texas reserves the right, in its sole discretion and without prejudice, to reject any or all proposals.*

IX. DEVIATION FORM

All Deviations to Any Portions of this RFP and the Proposed Engagement Agreement Described Herein Must Be Noted On This Form and Included in any Proposal

All proposed exceptions, modifications, or other deviations by the Respondent to the specifications, terms and conditions of this RFP and proposed provisions of the Engagement Agreement must be noted on this Deviation Form. In the absence of any entry on this Deviation Form, the Respondent assures the State Bar of its full agreement and compliance with all specifications and terms and conditions of this RFP, and all provisions of the Engagement Agreement proposed herein. In the absence of any listed deviations, it will be conclusively presumed that the Respondent is ready, willing, and able to perform the services as set out in this RFP and in accordance with its terms. This Deviation Form must be signed by the Respondent and, if applicable, a representative of the Respondent's firm who is duly authorized to contractually bind the Respondent's firm.

Respondents are cautioned that deviations listed in their proposals may be determined by the State Bar to be so fundamental as to cause rejection of the proposals for not responding to the requirements of the RFP. It is the responsibility of the Respondent to examine the entire RFP package and seek clarification of any item or requirement that may not be clear and to check all responses for accuracy before submitting a proposal.

RFP DEVIATIONS		
Section Number	Page Number	Deviation

The Respondent:
Name: _____
Title: _____

Firms' Authorized Representative (if applicable)
Name: _____
Title: _____

X. CERTIFICATION AND SIGNATURE PAGE

This submission of proposal in response to the State Bar of Texas RFP Reference No. _____ is guaranteed as an irrevocable offer commencing on the deadline date for submission of proposals and continuing for a period of one hundred twenty (120) days.

By signing this document, the Respondent agrees to provide the items and services described in its proposal and certifies as follows:

1. That all terms and conditions listed in or made a part of this RFP will be met.
2. That the Respondent has not given, offered to give, nor intends to give at any time any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, service, or other inducement to a public servant in connection with the submitted offer.
3. That no employee of the State Bar has a direct interest in the proceeds from the proposed Engagement Agreement awarded as a result of this RFP, and that no employee of the State Bar is related within the second degree of consanguinity or affinity to anyone who has a direct interest in the proceeds of the Engagement Agreement awarded as a result of this RFP.
4. That the Respondent, and, if applicable, the owner(s), officer(s), director(s), or personnel of the Respondent's firm, have not been employed by the State Bar at any time within the two (2) years preceding the submission of the Respondent's proposal except as noted below:

Name	Dates of Employment with the State Bar	Position Held at the State Bar	Annual Rate of Compensation at Termination of Employment

5. That the Respondent and, if applicable, the principals of the Respondent's firm, are eligible to participate in this transaction under all laws and regulations of any federal, state, or local governmental body or agency.
6. That neither the Respondent nor, if applicable, the Respondent's firm is currently delinquent in the payment of any franchise tax owed to the State of Texas.
7. That the Respondent and, if applicable, the principals of the Respondent's firm are not ineligible to receive the specified payment under Tex. Family Code Section 231.006 (relating to child support) and that any contract awarded pursuant to this RFP may be terminated and/or payment may be withheld if such certification is inaccurate.
8. That neither the Respondent nor, if applicable, the principals of the Respondent's firm have been found guilty of unfair business practices in a judicial, state, or federal agency proceeding during the year immediately preceding the submission of the Respondent's proposal.
9. That neither the Respondent nor, if applicable, the principals of the Respondent's firm, nor anyone acting on their behalf, has violated state or federal antitrust laws.
10. That the Respondent has disclosed to the State Bar any existing or potential conflict of interest relative to the performance of the Engagement Agreement, and that failure to make such disclosure will be grounds for termination of any contract awarded pursuant to this RFP.

11. That neither the Respondent nor anyone acting on the Respondent's behalf has communicated its proposal pursuant to this RFP directly or indirectly to any competitor or any other person engaged in providing the same or similar services provided by the Respondent.

The Respondent:

Name of the Respondent

Name of the Respondent's Firm, if any

Number & Street Address

_____, _____
City State Zip Code

The Respondent's Email Address

Telephone Number

Facsimile Number

[Signature Page Follows]

By our signatures, each of the following represent that he or she is duly authorized to legally and contractually bind the Respondent and/or the Respondent's firm (if any) named above.

By: _____
Signature of the Respondent

Name: _____
(Typed or printed)

Title: _____
(Typed or printed)

Name of Firm, if any: _____
(Typed or printed)

By: _____
**Signature of Firm's Authorized Representative,
if applicable**

Name: _____
(Typed or printed)

Title: _____
(Typed or printed)

Date: _____

APPENDIX A

PROPOSER WARRANTIES

- A. Proposer warrants that it complies and will continue to comply with State of Texas laws.
- B. Proposer warrants that it has and is willing and able to continue to have an errors and omissions insurance policy providing coverage in the amount shown below for the willful or negligent acts or omissions of its officers, employees and agents thereof.

Name of Insurer: _____

Amount of Coverage: _____

- C. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the prior written permission of the State Bar of Texas.
- D. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Official: _____

Name (typed): _____

Title: _____

Firm: _____

Date: _____

APPENDIX B

**DOLLAR COST FEE ESTIMATE FOR THE
CONSULTING ARRANGEMENT**

	Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partners	_____	\$_____	\$_____	\$_____
Managers	_____	_____	_____	_____
Supervisory Staff	_____	_____	_____	_____
Other (specify)	_____	_____	_____	_____
Subtotal	_____			\$_____
Other expected fees				_____
Out of pocket expenses				
Meals and lodging				_____
Transportation				_____
Other (Specify)				_____

Total all-inclusive maximum price for engagement \$_____

Note: The rates quoted should *not* be presented as a general percentage of the standard hourly rate or as a gross deduction from the total all-inclusive maximum price.