

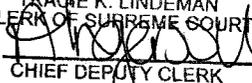
IN THE SUPREME COURT OF THE STATE OF NEVADA

IN THE MATTER OF AMENDMENTS
TO SUPREME COURT RULE 207:
CREATION OF THE BOARD OF
CONTINUING LEGAL EDUCATION.

ADKT 0499

FILED

SEP 15 2015

TRACHE K. LINDEMAN
CLERK OF SUPREME COURT
BY 
CHIEF DEPUTY CLERK

REPORT OF THE STUDY COMMITTEE

On February 6, 2015, this Court entered an order creating a Study Committee to consider amendments to Supreme Court Rule 207, the organization and operations of the Continuing Legal Education (CLE) Board and all appropriate matters related thereto, and to make recommendations as the Committee deemed appropriate.

The Court appointed the Chief Justice as Chair of the Committee and authorized the Chief Justice to appoint not less than six members, with at least two members from the Board of Continuing Legal Education and two members from the State Bar Board of Governors. Thereafter, the Chief Justice appointed Jenny Hubach and Kathleen Paustian from the CLE Board; Eric Dobberstein and Richard Pocker from the Board of Governors; and at-large members Thomas Beko, Katie Howe McConnell and Leon Mead.

The Committee conducted lengthy meetings on April 16 and May 19, 2015. The April 16 meeting included presentations by the CLE Board staff on the following topics:

1. A nationwide comparison of state regulatory agency supervision by the Supreme Courts or State Bar Associations;
2. The organizational structure of the CLE Board, including a detailed description of all staff duties;

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3. The existing By Laws, Rules and Regulations of the CLE Board;
4. The CLE Board financial statements for December 31, 2014, and February 28, 2015;
5. The timeline and steps to enforce attorney compliance with CLE requirements;
6. The review and approval process for CLE courses and credits;
7. The current funding for the CLE Board in Nevada and MCLE funding structures used in other states; and,
8. A long term development strategy for the CLE Board.¹

In addition, the Committee discussed the CLE Board's administration, technology, and communication with the members of the legal profession. Various requests for additional information from the CLE Board staff were made by the Committee.

The May 19 meeting included a review of staff job descriptions, staff compensation and benefit packages, informational sharing between the CLE Board and the State Bar², the approval process for CLE programs and the status of excess funds accumulated by the CLE Board.

Based on the foregoing, a majority of the Committee believes that a hybrid approach to the appointment of the CLE Board members

¹A copy of the April 16, 2015, presentation on Long Term Development Strategy is attached to this Report as Attachment 1.

²A copy of the May 15, 2015, report from the State Bar staff concerning information sharing is attached to this Report as Attachment 2.

should be adopted and recommends amending Rule 207(3) to provide that three (3) active members be appointed by the State Bar, three (3) active members be appointed by the Supreme Court and one (1) member of the judiciary be appointed by the Supreme Court. One member of the Committee voted to retain the existing rule for the appointment of CLE Board members.

A unanimous Committee recommends;

1. The CLE Board provide reports, at least annually, to the Supreme Court and the State Bar of its operations and financial condition within 90 days of the close of each calendar year;
2. Within 90 days of the Committee's meeting, the CLE Board should submit a thorough Business Plan for consideration by the Supreme Court and the State Bar that addresses the CLE Board's long term strategy for funding, administration, operations, technology, CLE course approval, and use of excess or surplus funds;³
3. The Supreme Court should amend the CLE rules and regulations concerning enforcement, administrative suspensions and delinquent fees, making persistent violations of CLE requirements by attorneys the subject of professional misconduct;

³A copy of the CLE Board's proposed Business Plan is attached to this Report as Attachment 3. The Committee does not express any opinion or endorse the proposed Business Plan.

4. The Supreme Court should amend the CLE rules and regulations requiring that continuing legal education be relevant to the practice of active members;
5. The CLE Board and the State Bar should adopt the informational sharing plan generally outlined in the State Bar report of May 15, 2015, and create a "one stop shop" communication model with the members of the State Bar concerning CLE requirements and State Bar dues and requirements; and,
6. The CLE Board and the State Bar should adopt and use educational methods and technology that increases the availability of continuing legal education to active members of the State Bar.

Respectfully submitted,

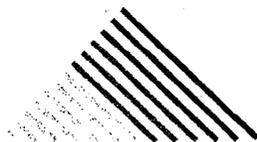

_____, C.J.

Attachment 1

**NEVADA BOARD of
CONTINUING LEGAL EDUCATION**

Presentation of
**LONG TERM DEVELOPMENT STRATEGY &
SUPPORT FOR REPORTING TO SUPREME COURT**

APRIL 16, 2015



REPORT AND RECOMMENDATIONS ON NEVADA STATE BOARD OF CONTINUING LEGAL EDUCATION

The purpose of this report is to:

1. Outline a Long-Term Strategy for continued development of the Nevada Board of Continuing Legal Education (NVCLE)

and

2. To support the recommendation to recognize NVCLE as a component unit of the Nevada Supreme Court and an organization which acts as an independent agency no longer operating under the auspice or control of the State Bar of Nevada.

An appropriate way to begin this report is to state and understand the mission of NVCLE:

Mission

"The Rules for continuing legal education were adopted to assure that lawyers admitted to practice in the State of Nevada continue their education through a wide range of quality educational programs, and to have and maintain the requisite knowledge and skills to fulfill their professional responsibilities."

To fulfill this Mission, the following goals are recommended for adoption by the CLE Board:

BOARD GOALS

- Have a Credible and Respected CLE Regulatory Program in Nevada
- Be Lawyer Friendly
- Make it Easy for Lawyers to Comply
- Minimize Paperwork through Automation
- Use Modern and Efficient Methods of Communication
- Continue to be Active on the National Level to Recognize Trends and Improvements in CLE

To best accomplish this Mission and pursue these Goals, we have identified and evaluated several different Organization Issues. The one matter paramount to achieving organizational objectives is: Who Controls the Organization?

This is essential because the entity with “control” dictates the long-term direction and implementation of strategies for accomplishments.

How do we define “Control?”

In any organization whether it be private or governmental or quasi-private or quasi-governmental, the “control” rests with the Board of Directors. The current Nevada SCR Rule 207 gives the Board of Governors’ of the State Bar the power to appoint six (6) of the seven (7) Board Members with the remaining member to be a member of the state judiciary. This Rule as stated has the potential to be a major detriment to the long-term strategy of NVCLE. Also, under Rule 208-Powers and Duties of the Board, the comprehensive operational processes are given to the Board. These processes include everything from the accreditation of courses, course sponsors, credit hour determination, staffing, fee schedules, etc. – the *entire* operations of NVCLE.

The State Bar of Nevada (Bar) as “controller” of NVCLE has a direct conflict of interest in many arenas. For example, if an application of a CLE program is denied or questioned by the staff of NVCLE; procedures afford the Sponsor the right to appeal the decision to the Board. The Board has the authority to reverse the staff’s accreditation decision to deny all, or portions, of the program. If the Bar were to have a course denied by administrative staff of a Board controlled by the Bar, the Bar could override the staff even if the original decision was correct. The appointment of the NVCLE Board by the Bar (Rule 207) in essence creates the scenario wherein the Bar operates in totality as “applicant, regulator *and* controller.”

What are the potential “conflicts of interest?”

1. The Board while controlled by the Bar may ask that non-Bar sponsors pay fees that they themselves are exempt from—in fact this has recently occurred
2. Promotion of only Bar courses on the NVCLE web site-making it appear to the lawyer that these are the only acceptable courses available to fulfill their education requirement
3. Reduce or restrict staffing to make it difficult to assure that compliance of the Rules and Regulations are being met
4. Restrict technology advancements that hinder the compliance assurance services to Nevada lawyers

These are not minor issues of conflict and do include scenarios that could potentially and significantly alter the course of Nevada’s CLE program.

RECOMMENDED LONG-TERM STRAGIES

Board of Directors - NVCLE

The present number of Board members is an ideal and workable number of appointments. It is recommended there be seven (7) members of the Board. The Board should represent lawyer populations from all geographic regions of the State including the rural and metropolitan sections in order to maintain a reasonable perspective of the needs for proper CLE requirements. Five members of the Board shall be active lawyers within the State and two members shall be concurrently serving as members of the state judiciary. Each lawyer and judiciary Member of the Board shall be appointed by the Supreme Court of Nevada. The judiciary members shall be appointed -one to represent the north region and one to represent the south region of the State. Additionally, the Supreme Court and the Bar shall each have a non-voting liaison member actively involved in the activities of the Board. The Members may remain on the Board for an indefinite term as long as they are "active" members of the Bar or judiciary. The recommendation for liaison members on the CLE Board is for the Court and Bar to maintain a direct and immediate "pulse" of the workings and initiatives of NVCLE. The Court shall review and approve all changes to the Rules and Regulations.

The Court shall also receive, at least annually, a report from NVCLE that includes financial information of NVCLE and the status of operational accomplishments that relate to the fulfillment of the Mission and Goals.

The Board of Directors, if constituted in this manner, reduces the potential occurrence of the "conflicts of interest" noted above.

Organization and Operations of NVCLE

The present operational structure of NVCLE should be reviewed and revised to assure maximum effectiveness in accomplishing the Mission of NVCLE and meeting the established Goals. NVCLE must be a "stand-alone" and financially self-sustaining organization so that it may avoid or eliminate as many as possible conflicts of interest. The proposed modification of the Board of Directors was made with that tenet in place. Further, the discussion of implementing other changes in order to accomplish the proposed Goals while eliminating or reducing the stated Conflicts of Interest is a major theme of this report.

A Credible and Respected CLE Regulatory Program

In the field of education, credibility and quality can sometimes be difficult to ascertain. Each student has a different expectation and ability to comprehend the material presented by course instructors. This does not suggest the non-existence of measurement mechanisms that can help determine the overall effectiveness of the course. In most Universities instructors grade the student, but the student also "grades" the instructor at the end of the term. This allows the institution to compare instructors not only against

self-imposed requirements but also to compare instructor to instructor based on the student feedback and evaluate quality in consideration of continued employment of the instructor. NVCLE should adopt a similar process in order to measure the effectiveness and credibility of approved course offerings. This can be accomplished in several ways with the easiest being a requirement for each accredited Sponsor to collect an assessment from attendees of their CLE programs and to file this information with NVCLE on a regular basis. Another measure to assure a credible CLE program is to require each new Sponsor to attend a "training" session conducted by NVCLE. This training process should be designed to provide the Sponsor with knowledge and information necessary so that the Sponsor understands the standards required for courses to meet the accreditation requirements of NVCLE. In addition, *ALL* Sponsors, accredited or non-accredited, must provide NVCLE with the right to send an observer to their courses free of charge. The observer will complete a "Field Report" so NVCLE may evaluate how effectively the sponsor meets accreditation standards and produces educational opportunities strengthen the credibility and respect of Nevada's mandatory CLE program.

Lawyer Friendly

There are several different aspects of "being lawyer friendly". On one hand, NVCLE's regulatory purpose requires it to assume responsibility for lawyers to comply with the CLE requirements mandated by the Court. This, in essence, places NVCLE in a rightfully authoritative position to "police" compliance with CLE rules. However, there is also a strong sense that NVCLE can regulate *and serve* so the approach with lawyers is respectful and helpful in completing CLE requirements. The service aspect of "Lawyer Friendly" is in regard to how NVCLE can facilitate lawyer awareness of where they stand with relationship to their CLE deadline and what needs to be accomplished to fully comply. The staff needs to be trained, motivated and apply a positive mentality towards compliance assistance over "CLE-Police." The manner in which the lawyer is communicated with sets the tone of friendliness and a more favorable view towards the mandatory CLE. The assistance approach shall be equally respectful to the lawyer as it is to the CLE rules. In other words, NVCLE exists to serve the lawyer and aid in their efforts to comply. Much of this can be accomplished by having the proper organizational outlook including full communication between staff and Board. The complete organization issue is addressed in more detail later in this report.

Easy to Comply

The position of NVCLE should be to make it as easy as possible for the lawyer to comply with all of the Rules and Regulations. This is not an abandonment of the need for creditability and respect but rather an enhancement of this Goal. NVCLE should have the ability to access information regarding the CLE status of lawyers in as many ways as possible. Presently, it is the responsibility of the lawyer to "report" compliance by filing a written verification to NVCLE for review. This process is inconsistent with the objective of making it easy for the lawyer to comply. NVCLE should enhance its ability to report compliance *to the lawyer* and proactively inform, based on NVCLE records, if

the lawyer is in compliance or not. In other words, it reverses the reporting responsibility from the lawyer to NVCLE. This can be accomplished by making a few procedural changes.

NVCLE should modify the requirements for "Accredited Sponsors" so that the course sponsor is responsible for reporting attendance from its programs to NVCLE within a 30-day period from the date of the activity. It should also encourage all Sponsors to report attendance. For those entities who will not report attendance, the lawyer may report attendance by filing the Uniform Certificate of Attendance or other Board approved form with NVCLE. With this, the lawyer would not be required to maintain records beyond the time period in which they attend the course and the recording of attendance by NVCLE. This would eliminate the need to mail, review and verify the Compliance Reporting Form. With this modification, the use of electronic communication is enhanced, administrative burdens are reduced and a possible reduction in operation costs may be realized.

At the same time, NVCLE should encourage expansion of the number of "Accredited Sponsors" based on similar, or more stringent, quality requirements. This is particularly beneficial as NVCLE phases in automated reporting by sponsors.

Minimize Paperwork through Automation

NVCLE has changed its primary software for CLE administration to a more sophisticated system that modifies the workload of the staff by eliminating many routine clerical tasks. As technology advances, NVCLE must maintain its ability to keep pace with emerging applications and technical platforms. None of us can predict what the next technological shifts will entail, but we are keenly aware that they will occur given the rapid advancements of even the last few years. One of the conflicts with systems maintenance control by the Bar would be a prevailing technical position to keep Bar and CLE technologies under similar system infrastructure. Unfortunately, CLE generally receives a low priority when it comes to allocating resources and choosing a particular set of programs to meet the needs of a bar association. It is important for NVCLE to be its own priority and control its own technical destiny to meet the dynamic needs of CLE administration. This does not mean NVCLE should automatically sign on to use all new technology proposed, but it should have the option to use the technology that best supports the Mission and Goals without the need to conform to systems utilized by an entity with goals other than CLE. Many of the recommendations to change current NVCLE methodologies are possible because of the capabilities of recently adopted software.

Use Modern and Efficient Methods of Communication

Throughout this document one of the underlying issues has been communication - both from the Sponsor and lawyer to NVCLE and from NVCLE to the Sponsor and lawyer. Even if we consider only recent technological advancements, few of us would have envisioned the explosion of technology for the advancement of communication. It was

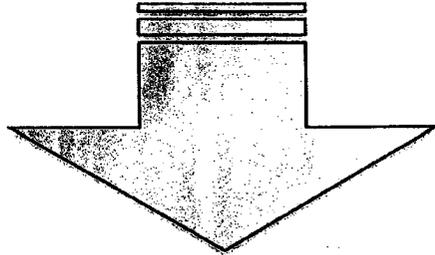
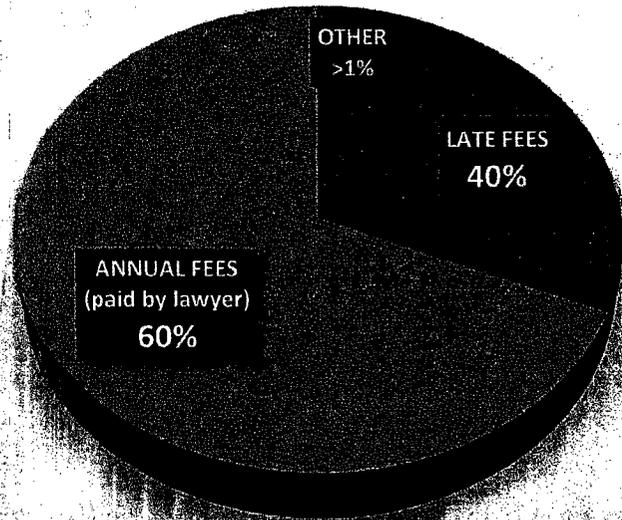
only in the mid-80's that mobile phones became commercially available. Now it is difficult to imagine life without them. The use of the basic cell phone technology has led to "Dick Tracy" like applications and tremendous opportunities to maintain communication with lawyers and Sponsors. One of the main uses of communication may also allow NVCLE to significantly reduce their operating costs. Postage and mailing costs were the 4th highest category of operational expenses. However, the total cost of non-modern methods of communication also includes the staffing resources required to deal with the traditional use of paper processing. Now, instead of the Sponsor using mail and paper to file the majority of their reports to NVCLE, electronic reporting should be used. Instead of the traditional mailing of Lawyer Compliance Reports, paperless transcripts can be used. Instead of paper flyers and phone calls to identify potential CLE programs, databases, websites (and eventually mobile apps) will inform lawyers of upcoming training opportunities relevant to specific practice and geographic area. While we do not now know the full potential of communication systems for CLE we do know that we have not reached it. Situations that require NVCLE to fit within the Bar's information technology can introduce other potential issues that could impede NVBLCE's effectiveness in meeting its Goals.

At the present time, NVCLE is 100% funded by fees paid by approximately 8,000 active lawyers (be it either a fixed annual payment or additional fees for extensions, late fees etc.) This places the funding emphasis onto the lawyer who is forced to comply by the Rule in order to maintain their license and livelihood. The major problem with this approach is that it requires the lawyer to not only utilize billable time but also pay fees to the Sponsor of the course. Why is this logical?

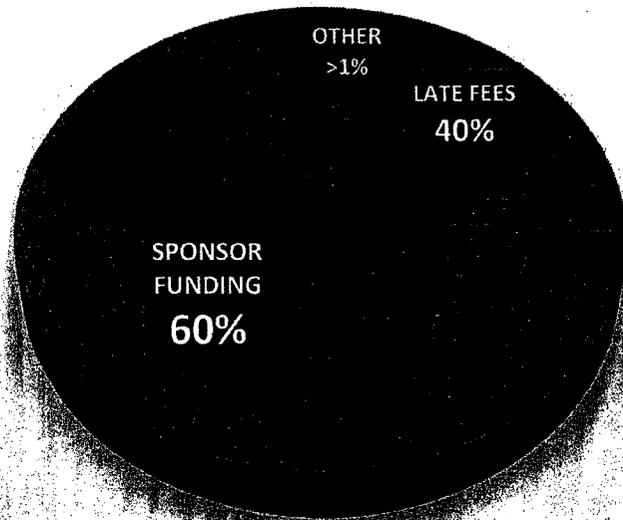
Financial Structure

As various states enacted mandatory CLE, the amount of income generated by Sponsors took dramatic jumps upward due to fees collected for attendance. One major provider of CLE saw their income from course registration fees increase 700% in the year following the creation of mandatory CLE. As surely as lawyers benefit from CLE due to maintained competency and training, course sponsors also benefit with financial gains. There are approximately 1,225,500 licensed lawyers in the United States. A review of CLE course offerings by national providers and from web sites in various states approximate the average cost of 1 hour of accredited CLE to be \$103.66. With an excess of 90% of the licensed United States lawyers required to complete mandatory CLE, the total market size of CLE is about \$1.7 Billion. This market would be minuscule without the "mandatory" component of legal education. As a result, the recommendation is to rework the revenue generation of NVCLE so that a significant percentage of the funding to be supplied by the Sponsors.

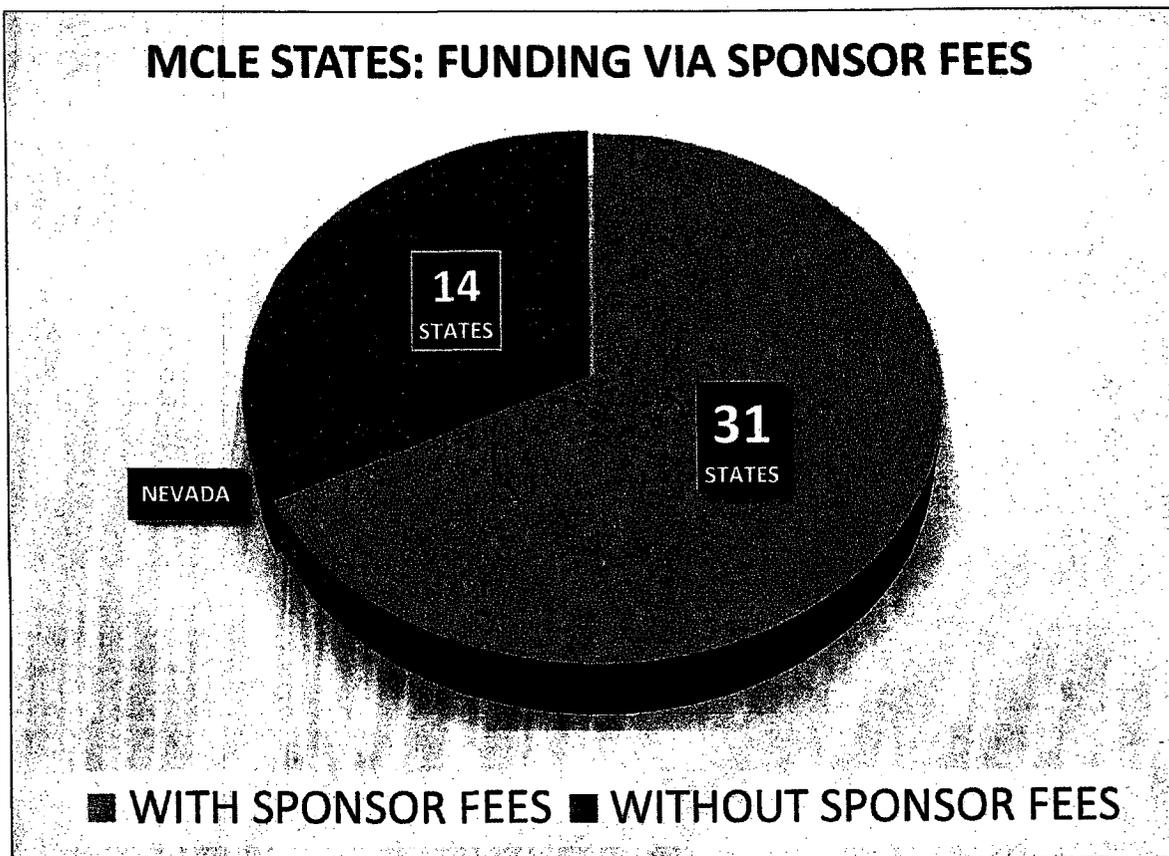
CURRENT FUNDING



PROPOSED FUNDING



The recommendation would include the elimination or reduction of the annual fee paid by active lawyers. Annual fees paid by lawyers represent approximately 60-65% of current NVCLE revenue – This should be replaced by substituting sources of revenue derived primarily from Sponsors. The remainder of the funding should continue to be generated by late fees from lawyers who do not comply with the Rules and Regulations of CLE. A review of information from CLEReg (The National Continuing Legal Education Regulators Association) shows that Nevada is 1 of only 14 states that do not collect some form of fee from the Sponsor. The other 31 members of CLEReg either collect a fee for course accreditation or a form of per-credit-hour attendance fee that is paid to report credits. A total of 11 states collect both an accreditation and attendance fee.



The objective of this recommendation is to continue NVCLE's ability to remain self-funding but to modify the sources of the revenue by shifting the majority of fees paid from the lawyer to the party who is receiving the financial gain from mandatory CLE, the Sponsor.

From May of 2013 to March, 2014 there were 10,049 courses accredited by NVCLE and 118,770 hours of credits reported. If we annualize those numbers we have the following:

Courses: 11,304	Hours of Credit: 133,600
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One possible scenario for replacing the funding of \$309,200 from annual lawyer fees could be:

Courses:	11,304 @ \$25 per course =	\$282,590
Credits:	133,600 @ \$1.50 per hour =	<u>\$200,425</u>
	Total	\$482,590

Options could be used that reduce the Course revenue through a reduction in cost for Accredited Sponsors since they would be required to report attendance, pay credit hour fees and meet other accreditation responsibilities designed to reduce the clerical tasks for NVCLE staff. The key point of the above scenario is to show that it is a realistic possibility to maintain a self-sustaining NVCLE operation and reduce or eliminate fees for the lawyers. The Chart below represents several other areas that could produce revenues for NVCLE:

Potential Funding Sources

Fee to accompany application for designation as an Accredited Sponsor of CLE

Fee to accompany application for continuation as an Accredited Sponsor

Fee to accompany application to accredit single CLE activity

Fee to accompany application to accredit distance learning activity

Fee per credit hour with attendance certification

Fee to accompany request by lawyer for certified copy of lawyers record with the Board

Filing fee to accompany request for hearing concerning dispute of Board's determination of lawyer's CLE credit

Filing fee to accompany request for hearing concerning lawyer's noncompliance

Filing fee to accompany application for waiver of CLE requirement

Filing fee to accompany application for extension of CLE requirement

Fee to accompany application for non-resident active deferral of CLE

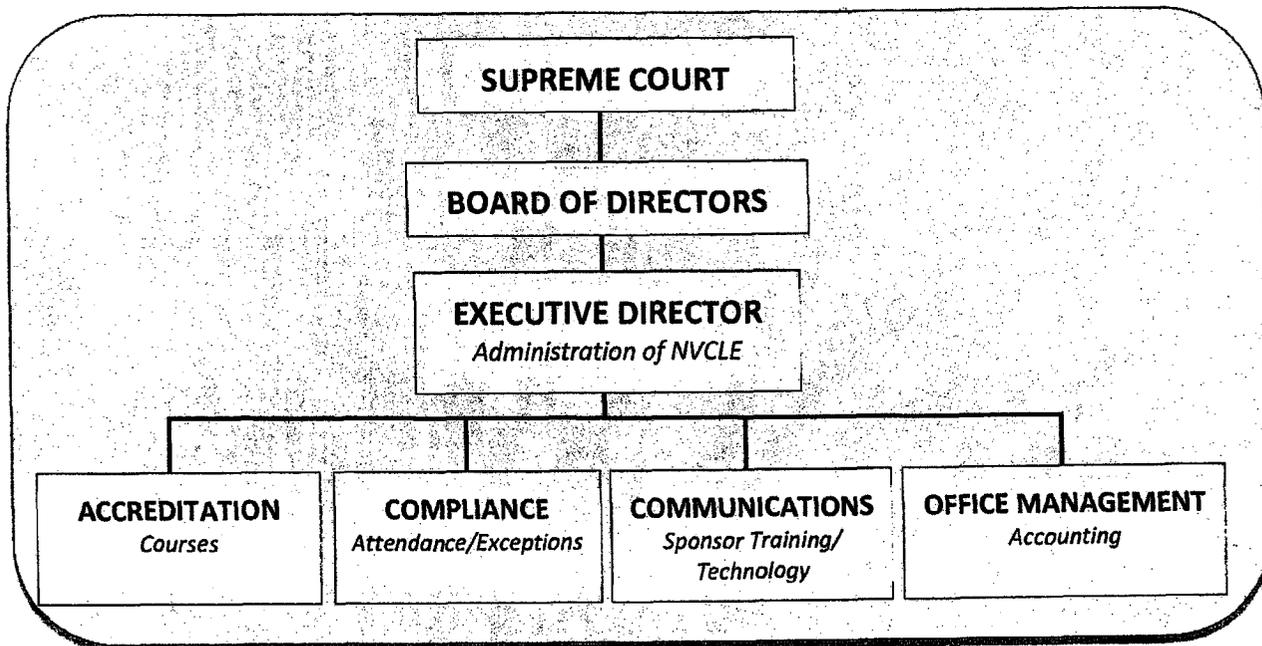
Reinstatement Fee

Fee for late compliance with annual CLE requirement

Fee for continued late compliance with annual CLE requirement

Organization Structure

The current organization structure of NVCLE is derived to meet the needs of an abundance of clerical tasks. While this has allowed for fulfillment of job responsibilities in the past, a refreshed organizational direction could increase the likelihood of accomplishing the Mission and Goals of the future. The recommendation for new organizational structure is to look not at the current individual's present job duties, but rather at the organization from a "functional" goal-oriented perspective. Once the functional needs are agreed upon the current staff may be re-organized with job duties designed to meeting the identified needs. Since the time previously allocated for clerical tasks will now be used to pursue the range of recommendations outlined in this report, additions to the current staffing level are not anticipated. The following Organizational Structure is suggested:



PRIMARY DUTIES, RESPONSIBILITIES and PERFORMANCE FUNCTIONS:

Executive Director

Reporting to the Chairman of the Board, the Executive Director will interpret and implement directives of the Board, direct the office operations supporting the activities of the Board and represent the Board and office in liaison with other Offices of the Court. Particular emphasis shall be placed on development and management of efficient operations in accordance with Board goals and directives. This function is responsible for maintaining a close working and reporting relationship with the Board and the Court as requested.

Accreditation

This function is primarily responsible for the review, analysis and approval of applications for CLE approval in accordance with NVCLE Rules, Regulations and administrative policy within acceptable time frames. This function includes the documentation of all determinations regarding course and sponsor applications through the accurate maintenance of files and records both electronically and manually if required. Particular emphasis within this function shall be to increase the number of Accredited Sponsors as a means of eliminating the need to individually review course applications and reduce manual input of course attendance.

Compliance

This function is primarily responsible for assuring that all active lawyers in the State of Nevada meet their education requirement on an annual basis. This includes: maintenance of attendance records, reporting CLE status to the lawyer and proper processing and assembly of documentation necessary to recommend removal of the "Active" status of lawyers who fail to comply with Rules and Regulations established by the Court and Board. It is important for this function to balance the enforcement of the Rules and Regulations with the "lawyer friendliness" and "ease of compliance" objectives of the Board.

Communication

This function has a very broad and somewhat complex set of tasks as it supports and enhances the other operational functions. Tasks include: Prompt, informed response to incoming phone calls and emails from both lawyers and Sponsors, Training of Sponsors to meet the requirements of the Rules and Regulations, Utilization, analysis and general processing of automated systems. It would be most effective if one individual were capable of performing a majority of tasks but this function may be divided among several individuals. It is essential, however, that these efforts be coordinated at a high level within the organization in order to support and achieve the Goals of the Board. These tasks may require NVCLE to seek and utilize an outside consultant at times to achieve best results within the scope of the function.

Office Management

This function is designed to support the stand-alone operations of NVCLE. The function shall be responsible for establishing and executing the most cost effective means to meet the support needs of the operation and staff by providing adequate office facilities, equipment and supplies. This function shall develop and maintain accounting records, produce financial statements and reports to the Board, State and Court as required.

Attachment 2

STATE BAR OF NEVADA ADMINISTRATION OVERVIEW



Executive Summary

On February 6, 2015, the Nevada Supreme Court ("Court") entered an Order pursuant to ADKT 0499 establishing a study group to consider amendments to SCR 207, the organization and operations of the Continuing Legal Education Board ("CLE Board"), and all appropriate matters related thereto.

Although the creation of the Rule 207 Study Group was based on ADKT 0499 regarding how appointments are made to the CLE Board, the focus of the Study Group was expanded to conduct an overall organizational review as Nevada is one of only two states with an independent board or commission that regulates MCLE. Although a variety of models exist, all other states have oversight by the state's supreme court (30 states) or by their respective state bar (18 states).

The first Rule 207 Study Group session was held on April 16, 2015. At that meeting, through its representatives, the State Bar of Nevada's Board of Governors ("Board of Governors") was asked to provide feedback about how the bar's current infrastructure could be used to support, and possibly streamline the current CLE Board processes.

What follows is one option to provide support to the CLE Board by funneling annual dues payments and compliance reporting through the state bar's online portal currently employed for its annual license fee collection and submission of mandatory disclosures. We took this a step further to confirm that no conflict exists with state bar involvement in administering aspects of the CLE regulatory program at any level, keeping the following goals in mind:

- Ease of use for attorneys accessing MCLE compliance reports, submitting fees, and accessing approved courses for credit;
- Increased compliance in MCLE completion and reporting requirements;
- Elimination of duplicative administrative and accounting functions.

STATE BAR OF NEVADA ADMINISTRATION OVERVIEW

Administration of MCLE Reporting and Dues Payment

The state bar makes available to its licensees the convenience to pay license fees and submit annual disclosures online. This online process provides an efficient service to our members and has cut down on the staff time previously expended on multiple dues notice mailings, manually inputting reported information and processing payments.

The state bar's online portal can be expanded to provide one-stop shopping for attorneys to pay their license fees to the state bar, submit their annual disclosures, and:

- **Submit their MCLE dues.** As with other elections, such as contributions to pro bono or the Nevada Bar Foundation, the state bar can track revenue designated to the CLE Board. The state bar can provide reports showing who has paid by date and cut checks designated for the CLE Board on a regular basis.
- **Certify compliance with their MCLE requirements.** Through the state bar's online portal, attorneys may click to link to their MyNVCLE account provided by the CLE Board and view their completed CLE credits. The state bar could then generate a report to show which attorneys affirmatively stated they are in compliance with their MCLE requirements and this information could be provided to the CLE Board.

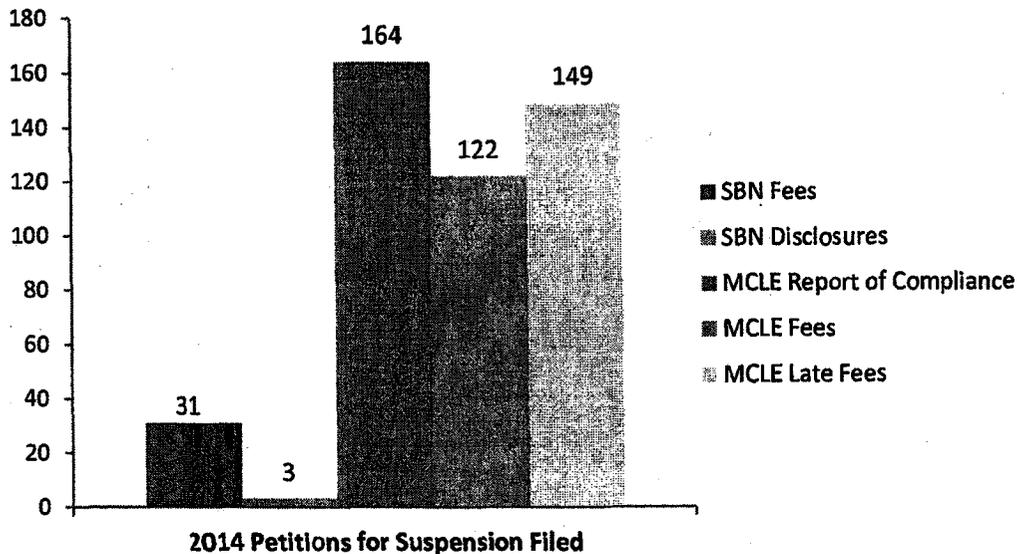
With this streamlined approach, there is a likelihood that attorney compliance with their MCLE requirements will improve as they are not reporting to – and paying separate fees to – different regulatory agencies. Additionally, the CLE Board would maintain its regulatory authority and would be responsible for sending its Notice of Noncompliance, submitting the Petition of Suspension for all attorneys in non-compliance to the Court and working with attorneys who seek Consent to Dismissal or Reinstatement. The state bar's role would only be as a flow-through organization for fee collection and data dissemination.

In addition to providing a more user-friendly option to attorneys, such as the ability to pay one fee with a credit card, this approach would reduce CLE Board staff time spent:

- Processing fees submitted by check;
- Processing and filing Annual Compliance Forms; and
- Reconciling submitted fees and compliance forms.

STATE BAR OF NEVADA ADMINISTRATION OVERVIEW

In 2014, the state bar's Board of Governors suspended 31 attorneys for failure to pay their license dues and three attorneys for failure to submit their mandatory disclosure documents. In 2014, the MCLE Board submitted a petition to the Court to suspend 164 attorneys for failing to submit a report of noncompliance. The chart which follows demonstrates administrative suspensions conducted by both the state bar and the MCLE Board in 2014.¹



Process for Administrative Suspensions

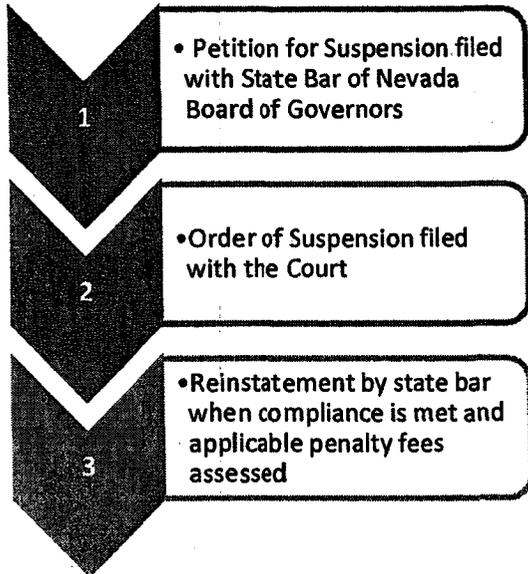
The state bar has an efficient process for administrative suspension. Pursuant to Court Rule, the state bar's Board of Governors has the authority to suspend attorneys who fail to pay their annual license dues or file their mandatory disclosures. Reinstatement is automatic when compliance is met. This process alleviates any administrative burden on the Court and allows for immediate reinstatement once compliance is met.

¹ The attorneys represented in the chart are not necessarily distinct (i.e. an attorney who is suspended for failure to submit his or her MCLE report may also be suspended to pay his or her fees. Likewise, an attorney suspended for failure to remit annual license fees to the state bar may also be suspended for failure to provide mandatory disclosures.

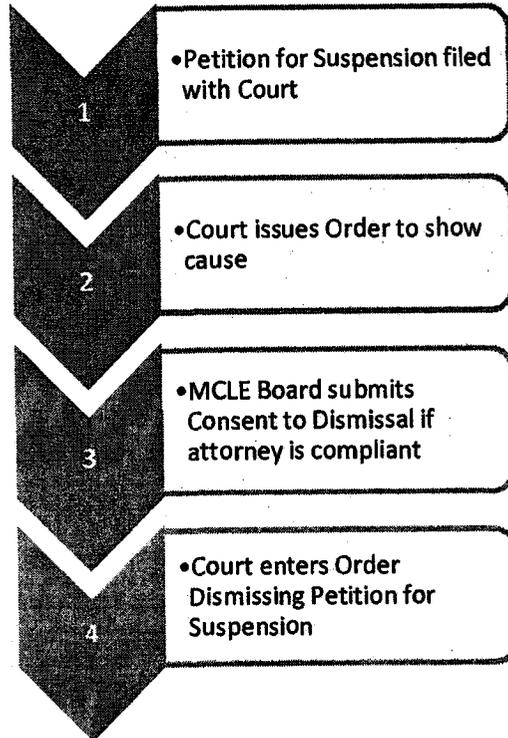
STATE BAR OF NEVADA ADMINISTRATION OVERVIEW

The state bar's process for administrative suspension is below. The MCLE Board process is also provided as a comparison.

State Bar Process for Administrative Suspension



MCLE Board Process for CLE Suspension



State Bar of Nevada Infrastructure

The legal profession is unique in that it is self-regulating, and to that extent, the state bar carries out its mission by supporting volunteer boards and committees authorized under Court rule to deliver programs and services on the state bar's behalf.

Programs & Services	Related Committees and Boards
Admissions	Board of Bar Examiners Character and Fitness Committee Functional Equivalence Committee
Discipline	Northern and Southern Nevada Disciplinary Panels
Client Protection	Clients Security Fund Fee Dispute Arbitration Committee Lawyer Advertising Lawyers Concerned for Lawyers Nevada Lawyer Assistance Program

STATE BAR OF NEVADA ADMINISTRATION OVERVIEW

Programs & Services	Related Committees and Boards
Information & Education	Continuing Legal Education Committee Law Related Education Committee Lawyer Referral and Information Services Committee Publications Committee Nevada Lawyer Editorial Board
Pro Bono Support & Philanthropy	Access to Justice Commission Nevada Bar Foundation

Staffing

The state bar has nearly 50 staff members responsible for supporting its programs and services. Included with this support are accounting services for a nearly \$11 million operation.

Staff for each committee or board works directly with the respective chair and members to carry out the group's designated functions (i.e. set agendas, prepare documents for review, record meeting minutes, and follow through on direction given). All decision-making is made by the committee or board.

For those committees responsible for reviewing voluminous materials, state bar staff employ a variety of solutions to ensure meetings are run efficiently, including:

- Setting alternative in-person meetings and electronic meetings where votes are cast via email;
- Conducting a preliminary review of matters up for review and setting a consent agenda for those matters with no identified issues; and
- Establishing subcommittees with decision-making authority for certain aspects of the Committee or Board's overall functions.

At times, a single staff person may be responsible for supporting more than one board or committee. The Executive Director is responsible for ensuring that no staffing conflicts exist (ex. the Access to Justice Director is not involved in the operations of the Nevada Bar Foundation which grants money to legal service providers).

For the regulatory boards, such as the Board of Bar Examiners and the Disciplinary Boards, staff is entrusted with confidential documents that must remain protected, both externally and within the organization. The state bar's database systems are equipped to partition confidential data for viewing by selected people or groups.

Additionally, each board has independent decision making authority from the SBN Board of Governors. For example:

- Disciplinary Board/Panel findings are not made available to the Board of Governors until ordered by the Court. However, the Board of Governors sets goals and expectations for the Office of Bar Counsel staff. While state bar staff adheres to the administrative guidelines and

STATE BAR OF NEVADA ADMINISTRATION OVERVIEW

processes set by the Board of Governors, they act independently in their fact finding and decisions to prosecute.

- Bar exam questions are developed offsite with no input from the Board of Governors. However, the Board of Bar Examiners and the Board of Governors engage in policy discussions regarding trends in admissions, such as the Uniform Bar Examination and reciprocity and set budgets.
- Nevada Bar Foundation trustees decide how IOLTA funds are disbursed and to whom they are granted. The Foundation operates under the authority set by Court Rule and by a set of bylaws approved by the Board of Governors.

Technology

Each board, committee and panel under the state bar's purview is afforded support through the bar's technology infrastructure. As the services required by Nevada's attorneys increases, the state bar is able to build on existing technology resources to provide administrative services without a disruption in existing services.

Identity

When needed, the state bar can also create and publicly display one of its programs with its own unique identity. For example, although the Nevada Bar Foundation is a component unit of the state bar, it has its own website, logo and identity from the state bar. This unique identifier makes clear to potential IOLTA grant applicants that decision-making authority rests with the Foundation trustees, and not with the Board of Governors.

If directed, the state bar could set up the MCLE Board similarly to the Nevada Bar Foundation, as a component unit with its own unique identity.

Attachment 3

NEVADA BOARD OF CONTINUING LEGAL EDUCATION

2015 Business Plan

**Nevada Board of Continuing Legal Education
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In preparing this 2015 Business Plan for the Nevada Board of Continuing Legal Education (NVCLE), Double-Black Advisors LLC has relied upon the accuracy and completeness of data and information (whether in written, oral, or other form) furnished by NVCLE and third parties introduced by NVCLE without independent investigation or verification. This Business Plan is not intended to nor does it provide tax advice. By accepting delivery of this Business Plan, NVCLE acknowledges the foregoing.

INTRODUCTION

The purpose of this business plan is to articulate for the Supreme Court of Nevada (the "Supreme Court") both the strategies and estimated projected financial impacts for the Nevada Board of Continuing Legal Education ("NVCLE" or the "Board") for transitioning to a provider-funded business model operating under the auspices of the Supreme Court.

The key strategic initiatives addressed herein include:

- Increasing attorney compliance with Nevada's mandatory continuing legal education ("CLE").
- Transitioning to funding from CLE providers in lieu of annual fees from attorneys.
- Automating processes to reduce NVCLE operating costs, alleviate clerical burdens on both attorneys and NVCLE staff, and accelerate the suspension cycle as an element of driving higher compliance.
- Enhancing quality control for provider CLE programs.
- Developing staff in the areas of cross-training, institutionalizing knowledge, employee retention, and succession planning.
- Maintaining a governance structure to minimize potential conflicts of interest, enhance Directors' expertise in CLE regulatory matters, and foster two-way information flow with the Supreme Court and State Bar of Nevada (the "Bar").
- Coordinating with the Bar to reduce duplication of efforts and cost, and facilitate attorney access by linking websites.

The key financial imperatives addressed by this business plan include:

- Assuring the provider-funded business model provides sufficient income to offset the elimination of annual attorney fees and decreased penalty fees resulting from higher compliance.
- Assessing the cost of transitioning to and operating the provider-funded model.
- Determining appropriate reserve levels for providing a financial buffer through the changeover, and subsequently operating from a solid, sustainable financial foundation.

In developing its business plan, NVCLE selected strategies where each reinforces one or more of the others and integrate in a holistic manner. These are described in further detail in the sections below, followed by an overview of historical financial statements and projected financial results. Detailed financial projections are included as an appendix.

EXISTING BUSINESS MODEL

Since inception, NVCLE has utilized an attorney-funded model, in which fees from attorneys have generated the Board's operating income. The current fee structure was adopted following the Supreme Court's 2009 approval of a substantial increase in late fees paid by attorneys for non-compliance.

As a result, income swelled in 2010 and created a sizeable reserve position that remains today. However, the effectiveness of such attorney funding has deteriorated since then, in two respects:

- Approximately 40% of NVCLE's income comes from late and other penalty fees, indicating in essence that this business model is, from a financial perspective, fundamentally dependent on non-compliance.
- While income remains about the same year to year in this model, operating costs have steadily increased, leading to declining profitability and turning to an operating loss in 2014.

The former is of course oppositional to the Board's principle of full compliance, yet increasing compliance would decrease fee income and result in significant financial losses. Although more gradual, the latter also erodes reserves and conflicts with the Board's principle of a solid, sustainable financial standing.

Consequently, it is imperative that NVCLE adopt a new business model that resolves these issues and aligns objectives.

PROVIDER FUNDING

Private sector CLE providers generate tremendous revenues from a market created by Nevada mandatory CLE requirements, which is also administered for them, essentially free of charge and now at a financial loss, by NVCLE. With about 8,500 practicing attorneys in the State, the requisite 12 credit hours per attorney, and an average price of approximately \$65 per credit hour charged by providers, CLE provides an estimated \$6.6 million commercial opportunity for providers in Nevada.

Therefore, rather than raise attorney fees as occurred in 2009, NVCLE will transition to a provider-funded business model in which providers participate in funding the system that benefits them. This strategy is holistically consistent with the Board's principles of increasing compliance, offsetting the reduction in attorney late/penalty fees that results from higher compliance, enabling the elimination of annual attorney fees, and sustaining a strong financial standing.

Concurrently, the Board will take advantage of this transition to continue modernizing its information technology ("IT") systems, automate processes to reduce costs and clerical burdens, enhance quality control, develop personnel, coordinate with the Bar to reduce costs and improve efficiency, and implement incentives and disincentives to drive compliance by attorneys.

For guidance in developing its business strategy, NVCLE consulted with CLE program administrators in other states, the CLE Regulators Association ("CLEReg"), and Pennsylvania Continuing Legal Education ("PA CLE").

CLEReg, the national mandatory CLE Regulatory Association, provides an online database of information collected from the 45 states with mandatory CLE, as well as surveying capabilities to solicit input from member organizations. In addition, through semi-annual CLEReg conferences, NVCLE has developed an informal network of closer relationships to call on for expertise and brainstorming. PA CLE is among these.

PA CLE both administers Pennsylvania's mandatory CLE program and provides its IT systems on an outsourced basis to other states. With a history of leadership, innovation, and systems and software development expertise, PA CLE is considered among the best of CLE program administrators.

NVCLE's changeover to provider funding is planned to occur within 12 months. The Board believes that this timing is proximate enough to continue operating under the current business model until then, while focusing on development and implementation of its provider-funded business model.

This process involves designing both the structure of the business model and the underlying systems (discussed in the next section) for implementing and operating it. Of the 45 states in the U.S. with mandatory CLE, 29 utilize provider funding, including Pennsylvania. NVCLE is customizing some elements and developing others to structure a model suitable for Nevada.

Of key significance in developing this business model, the Board established and applied the following priorities:

- Increasing compliance by attorneys and providers.
- Reducing the fees and administrative burden on attorneys.
- Generating income from providers in lieu of attorney fees.
- Reducing NVCLE costs and burden on staff.
- Enhancing quality control on CLE offerings.
- Coordinating with the Bar.

The resulting provider-funded business model is described below. Please note the Board recognizes that certain of these components will require Supreme Court rule changes and Board regulation changes, which NVCLE will recommend for implementation during the next 12 months leading up to the changeover to provider funding.

The principal elements of NVCLE's provider-funded business model include:

For Accredited Providers

- Annual fee of \$500.

This fee generates income to offset reduced fees from attorneys. The Board believes it will also help weed out lower-quality providers that draw low attendance/revenues from attorneys, and deter applicants from using Nevada to legitimize courses for approval in other states. For newly accredited providers, this fee will be prorated to the June 1 annual due date.

- Electronic reporting of course attendance and credit hours within 30 days.

This requirement will reduce NVCLE costs and staff burden through automation, improve data integrity, and enable acceleration of the petition and suspension cycle by reducing internal processing (data entry and records-checking) time.

- Fee of \$5.00 per credit hour per attorney attending programs, due within 30 days.

This fee represents the crux of the provider funding model, and provides similar benefits as described above for the annual fee.

However, this fee will not apply to accredited providers that are non-profit and do not charge attorneys for attending their programs. It will also not apply for Federal, State, and local governmental agencies, nor for legal aid, provided they do not charge attorneys for attending. The Board will periodically evaluate the fee level, with the latitude to modify it depending on financial performance at the time.

- Electronic payment of fees.

Accredited providers will be required to pay fees electronically, thereby reducing NVCLE costs and burden on staff, improving data integrity, increasing collections, and accelerating cash flow.

- Course evaluation summaries submitted electronically within 30 days.

This provision will provide the Board with a consistent and larger sample size to monitor program quality, while reducing paper processing at NVCLE as well.

- Electronic submission of new programs for approval.

It is important to note that this functionality is strictly a communications platform that transmits applications to NVCLE electronically so as to reduce paper processing. At no time will providers have access to NVCLE's database. Only the Board will be able to enter, remove, or change provider courses in the database.

- Late fees for non-compliance.

A late fee of \$500 will be assessed on providers who fail to pay fees within 30 days. NVCLE will revoke accredited status for those exceeding 90 days past due.

- Right to monitor courses without notification.

This tool for quality control is already in place, and will be exercised through NVCLE's Board of Directors. As proposed by NVCLE, each of seven board members would observe and report on two courses per quarter, with one selected by the board member and the other by NVCLE staff, utilizing the course evaluation summaries described above to direct board members to programs where lower quality might be indicated.

At present, board members receive CLE credit hours for each program attended, except when the Board determines the course does not meet its standards for qualifying as CLE. This, of course, presents a potential conflict of interest. Accordingly, the Board recommends credit hours be awarded for such programs by virtue of the board member's professional analysis on why those programs should be disqualified and what changes would be required to rectify them.

- New provider application fee of \$450 (\$150 per each of three courses submitted for evaluation by NVCLE).

This fee does not apply to existing accredited providers, only applicants for new accrediting. It will also be waived if the applicant does not charge attorneys for attending its programs and is a non-profit organization or Federal, State, or local governmental agency or legal aid. The fee is primarily intended to deter applicants from using Nevada to legitimize courses for approval in other states.

- Completion of NVCLE training by new applicants prior to being formally accredited.

NVCLE staff will conduct such training by Webinar and provide an orientation manual that covers the Board's rules and requirements, with providers required to attest to having read the manual. The Board expects increased provider quality and compliance from a more comprehensive, up-front understanding of being a CLE provider in Nevada.

For Non-Accredited Providers

- Electronic submission of new programs for approval.

As with accredited providers, this functionality is strictly a communications platform that transmits applications to NVCLE electronically in order to reduce paper processing. At no time will non-accredited providers have access to NVCLE's database. Only the Board will be able to enter, remove, or change provider courses in the database.

In conjunction, the Board will enforce its regulation that applications for approval be submitted at least 30 days prior to offering the program. Its purpose is to publish approval in advance on the NVCLE website so attorneys can confirm they will be attending an approved course. During the first year, NVCLE will warn providers of this responsibility, and thereafter credit hours will be denied for programs not approved in advance.

- Electronic and concurrent reporting of attendance and credit hours, submission of course evaluations, and payment of corresponding fees on behalf of attendees within 30 days.

At present, non-accredited providers have the option to leave these responsibilities to the attorney. In such cases, attorneys must get and submit a certificate of attendance from the provider or complete and submit a Form 9 attesting to attendance. Requiring providers to report and pay fees will therefor remove cost and administrative burdens.

- \$25 application fee per program plus \$5.00 per credit hour per attorney, due electronically within 30 days.

However, these fees will not apply to non-accredited providers that are non-profit and do not charge attorneys for attending their programs. Such fees will also not apply for Federal, State, and local governmental agencies, nor for legal aid, provided they do not charge attorneys for attending. The Board will periodically evaluate these fees, with the latitude to modify them depending on financial performance at the time.

- Electronic payment of fees.
- Course evaluation summaries submitted electronically within 30 days.
- \$500 late fee for non-compliance.
- Right to monitor courses without notification.

For Attorneys

- Responsibility to confirm that courses are NVCLE-approved.

The Board will publish on its website all programs offered by accredited and non-accredited providers that have been approved by NVCLE. With attorneys responsible for confirming approved status, credit hours will be denied for programs not approved in advance.

- Application for approval in advance for programs not offered by Nevada providers.

For courses offered elsewhere, the attorney must electronically submit an application for approval of the program 30 days in advance. As before, online application is strictly a communications protocol to reduce paper processing. At no time will attorneys have access to the NVCLE program database. During the first year, NVCLE will remind attorneys of this responsibility, after which credit hours will be denied for failure to do so.

- Self-reporting of attendance and credit hours online and within 30 days.

Also for courses offered elsewhere, this 30-day timeframe is designed to reduce "bulk" reporting at year-end and somewhat smooth the staff's processing workflow. In turn, an increase in throughput assists in accelerating the petition and suspension enforcement process.

- \$25 application fee per program plus \$5.00 per credit hour, payable online and within 30 days.

However, these fees will not apply to attorneys who are reporting credit hours from providers that are non-profit and do not charge attorneys for attending their programs. Such fees will also not apply for credit hours earned from Federal, State, and local governmental agencies and legal aid, provided they do not charge attorneys for attending. The Board will periodically evaluate these fees, with the latitude to modify them depending on financial performance at the time.

- Online access to CLE records and reports.

With online access to records, attorneys become more likely to stay apprised of remaining credits required, which will foster better compliance. It will also provide attorneys with a quick means of data verification for credit hours reported by providers (and themselves), thereby lessening burden and costs for NVCLE to some extent. However, at no time will attorneys have access to enter NVCLE's database of credit hours and related information.

- Reduction or elimination of the \$40 annual fee.

Benefits from this objective include lowering fee and administrative burdens on attorneys, reducing confusion between fees for NVCLE and the Bar, and underscoring the change in funding models. The Board anticipates keeping the current fee in place for a year to provide a buffer period to assess operational and financial performance under the provider funding model.

- Online payment of reporting and penalty fees.

The online payment functionality increases convenience and thus on-time payment for attorneys, reduces data input and reconciliation workload for staff and the attendant costs for NVCLE, and accelerates cash flow.

- Increases in non-compliance fees.

Significant increases are aimed in principle at driving compliance, as the Board would prefer lower collections due to higher compliance.

Accordingly, NVCLE will increase the late fee from \$100 to \$250, and the extension fee from \$50 to \$100. Fees for dismissal from petition, currently ranging from \$250 to \$1,250, will become \$1,000 for the first occurrence, \$2,000 for the second, and \$3,000 for the third plus a referral to the Bar for disciplinary action. The \$500 fee for reinstatement from suspension will increase to \$2,500 for the first case, \$3,500 for the second, and upon the third, a recommendation to the Bar for disbarment. Upon payment of any of these fees, all back fees accrued during the process will be due as well.

- Automated electronic communications to supplement certified mail.

Electronic dissemination of non-compliance notifications to personal screens, in multiple formats with higher frequency, will increase attorney awareness and thus compliance and in

turn reduce the volume of certified mail as a result. By replacing follow-up phone calls, it will substantially decrease the processing burden for staff and costs for NVCLE as well.

The Board will make electronic communications mandatory (much as the Supreme Court has mandatory efilings), with a provision that for good cause and payment of a \$50 fee, attorneys may apply for an exemption.

For the Supreme Court and Bar

- Acceleration of the suspension process.

Complying with CLE requirements is the attorney's responsibility, and in conjunction with the changeover to provider funding, NVCLE is shifting from hand-holding to facilitating, administering, and enforcing. At present, for example, NVCLE staff makes about 600 reminder phone calls to attorneys for, in essence, cajoling compliance. In addition to the resource savings noted above, ceasing this practice places accountability on the attorneys to take action.

Conversely, consequences for attorneys not taking action are consistent with the priority to drive compliance. The increased fees described previously constitute one such consequence. The Supreme Court has indicated a desire to accelerate suspension as a consequence as well.

At present, NVCLE staff needs about two months for processing information for determining non-compliant attorneys. Therefore, the automation described above can shorten the enforcement function by approximately six weeks.

- Automated document generation.

Also accelerating the enforcement cycle, NVCLE will automatically generate its petition for suspension and could similarly generate, for convenience of the Supreme Court, the accompanying Order to Show Cause for each attorney on the petition.

- Coordination with the Bar.

NVCLE has met with the Bar to discuss linking websites and eliminating duplication. Both organizations have agreed to pursue linking websites so attorneys can move between the sites with single sign-on. The organizations also discussed joint mailings for annual dues, but determined due dates cannot be realigned, so each will continue with its own mailings. However, they concurred that jointly tracking address changes may be feasible, and agreed to have IT personnel meet again to determine how to proceed. The Bar also offered to provide the Board with all email addresses it has on file for its attorney members, so as to facilitate NVCLE's move to electronic communications.

At least annually, the Board will review its provider and attorney fee structures and incorporate its findings into an annual report on NVCLE's financial performance for the prior year. This annual report will be submitted to the Supreme Court and Bar, with a request for publication in the Nevada Lawyer.

SYSTEMS

Historically, NVCLE has been slow to implement and upgrade IT systems, and continues to rely largely on paper processes. The changeover to provider funding requires modernization, bringing with it the processing time, cost savings, and similar benefits described previously.

In light of current resources and timeframe, the Board's strategy is to outsource to a third party provider with the requisite systems, software, and support, rather than staff and build internally. This strategy affords faster implementation with lower risk of system failures, and no immediate need to add IT staff. Once operational, NVCLE has the internal capabilities for systems operations, supplemented with access to training and technical support from the vendor.

To effect the transition to provider funding from a systems perspective, the Board selected PA CLE as its outsourced systems provider. Developed and refined over the course of 15 years and implemented by four other states (with three others currently in process), the PA CLE system is proven, cost efficient, and expedient. PA CLE also brings the requisite software development specialists for customizing the system to Nevada's needs, and the professional staff to provide ongoing technical support following implementation.

Those states which have implemented the PA CLE system include New York, Kansas, Montana, and New Mexico. The Board has spoken with and received positive endorsements from each of these states, and plans to visit at least one prior to signing development contracts with PA CLE. In addition to Nevada, Washington and Oklahoma are in process.

Primary functionality consists of the following:

- CLECTS (pronounced "selects") – PA CLE's Continuing Legal Education Compliance Tracking System for managing attorney, provider, program, credit hour, and similar data.
- EXPRESS – The file structure and transfer protocols for enabling automated attendance and credit hour reporting by providers directly into CLECTS.

- **Electronic Payment Processing –** Functionality that enables providers to pay filing and per credit hour fees in conjunction with reporting attorney credit hours through EXPRESS.
- **Online Payment by Attorneys –** Functionality that enables attorneys to pay fees online directly through the NVCLE website.

Among these, the basic CLETS platform has been implemented, although upgrades will be required to accept and account for filing and credit hour fees. The additional modules require software customization to NVCLE specifications and implementation. Based on its discussions and history with PA CLE, NVCLE is comfortable that such systems development and implementation will be finalized within the 12-month transition period.

As a future initiative with PA CLE, the Board is very interested in a smartphone app for attorneys currently under development. This app would enable attorneys to communicate and transact with NVCLE from their smartphones, and NVCLE to push notifications and reports to their phones. The Board believes the immediacy and convenience will increase attorney awareness and taking action toward compliance.

COMPLIANCE

The thrust of NVCLE's compliance strategy is that attorneys and providers are responsible for themselves, while the Board's role is facilitation and administration of rules and regulations. Facilitation in the past has often included hand-holding and cajoling, a practice the Board will cease. The IT systems described previously will facilitate, while (subject to and on behalf of the Supreme Court) changes in rules and regulations, increases in penalty fees, and faster disciplinary actions drive compliance.

Historically, approximately 30% of active attorneys practicing in Nevada have not complied with the CLE credit hour requirement by December 31. Approximately 17% of those who have completed CLE by the March 1 extension deadline have nonetheless not been compliant because they failed to pay the \$40 annual fee and/or had not signed and returned NVCLE's report attesting to compliance.

From both perspectives – facilitation and disincentives – the primary focus is on completion of credit hours. Each area is described further below.

Facilitation

Clearly, not completing credit hours is the predominant cause for non-compliance. Empirically, the Board sees that attorneys recognize their responsibility and intend to comply with CLE requirements. However, client work - often under time pressure - takes precedence, CLE is not top-of-mind, and compliance slips. Typically, about 50% of credit hours are not completed until November-December.

In its facilitation role for attorneys, NVCLE's initiatives include:

- Electronic notifications to personal devices more frequently. With messages placed on personal screens on a regular basis, attorney awareness and compliance activity increases.
- Attorney online reporting (as a communications protocol, not data entry) of CLE program attendance and credit hours. The convenience and speed relieves the clerical aspects for the paper processes currently in place.
- Online payment capability. The convenience and immediacy eliminates writing checks and getting them in the mail, also leading to more timely payments. In fact, attorneys will be able to

pay fees straight from any payment due notifications, and pay report filing fees in conjunction with submitting their attendance and credit hour reports.

- Online access to records. Such access provides attorneys with a fast, convenient way to verify that credits hours have been posted and check their remaining CLE obligations.
- Eliminating the \$40 annual fee. This change removes another clerical duty, and failure to pay as a cause for non-compliance. It also validates the change to provider funding and reinforces NVCLE's support role for attorneys.
- Redesigning the report that attorneys must sign and return to attest to completed credit hours. This category of non-compliance spiked in 2014, which the Board attributes to adopting a third-party form of report. This form made it clear the attorney had completed his/her credit hours, but was unclear that signing and returning was required. A simple redesign will emphasize the latter and make it very apparent, and in turn reduce both the level of non-compliance for this reason and the processing workload on NVCLE staff.
- Electronic signature and submission of the attorney's attestation report. Subject to requisite Supreme Court rule changes, NVCLE plans to distribute these reports electronically, and likewise enable attorneys to electronically sign and submit them. Since attorneys may set aside paper reports arriving by mail, this capability would also reduce both the level of non-compliance and processing workload on NVCLE staff.
- Benefits from coordinating with the Bar. NVCLE and the Bar are pursuing ways to jointly track address changes and enable attorneys to move between websites with single sign-on.

As described previously, the Board is also evaluating a phone app for attorneys tied into NVCLE's database. This app would permit attorneys to utilize NVCLE's online functionality from their smartphones, and NVCLE to push information to another personal screen.

Disincentives

Subject to endorsement from the Supreme Court, NVCLE plans to substantially increase the consequences for attorneys who fail to comply with CLE. These include the following:

- Increasing late, dismissal, and reinstatement fees significantly.
- Referring attorneys to discipline/recommending disbarment after fewer infractions.
- Assisting the Supreme Court in accelerating the suspension cycle.

At present, NVCLE staff needs the month of March to process data and generate notices of non-compliance. Similarly, the month of May is consumed by determining attorneys to be put on petition for suspension. NVCLE's automated systems have the potential to shorten this enforcement process by approximately six weeks.

To assist the Supreme Court with its phases of the cycle, NVCLE would use its systems to generate, on behalf of the Supreme Court, its petition to suspend and the accompanying Order to Show Cause for each attorney on the petition, relieving the Supreme Court of this clerical task.

PROGRAM QUALITY

In addition to its current practices, the Board will implement a number of new quality control measures for CLE programs in Nevada. These include:

- Shifting to provider funding in and of itself. In general, higher quality providers will accept new fees to continue operating in Nevada, while others will exit the State.
- Expanding the role of the Board of Directors in monitoring courses. Currently, four board members observe one course per quarter and recommend whether to continue or disqualify the program. As proposed, each of the seven board members would attend and report on two courses per quarter, with one selected by the board member and the other by NVCLE staff.
- Requiring program evaluation summaries from accredited and non-accredited providers, submitted electronically within 30 days. To streamline processing, the Board will develop and require providers to use a standard form of report, and utilize its automated systems to tally the responses. NVCLE will then use these survey results to direct board members to programs where lower quality might be indicated.
- Requiring non-accredited providers to file attendance reports and pay the credit hour fees on behalf of attorneys. In general, higher quality providers will accept this policy to continue operating in Nevada, while others will exit the State.
- Denying credit hours for programs not approved in advance, with a provision that the Board has discretion to provide exceptions for good cause and to assess fees for unwarranted petitions. Due to the significance of this policy, the Board will only issue warnings for infractions during the first year, and begin denying credit hours thereafter.
- Providing training to new applicants prior to granting accredited status.

HUMAN RESOURCES

The table below provides a summary of current management and employees at NVCLE:

<u>Name</u>	<u>Title</u>	<u>Years at NVCLE</u>
Laura Bogden	Executive Director	21
Debbie Russell	Assistant Executive Director	21
Tami Wittich	Office Manager	4
Justin Williams	Training/IT Specialist	1
Anne Barlow	Administrative Assistant	New
Shannon Webb	File Clerk/Data Entry	New

The Board believes current staff can meet its needs indefinitely in light of the recent new hires, systems automation, and temporary labor as needed. All staff currently operate from offices in downtown Reno, where NVCLE recently took additional space and renegotiated its lease agreement. As a result, NVCLE has sufficient space under lease for a six-year term.

The Board's outside service providers include:

- Accounting - Cory Wright & Associates
- Banking - Morgan Stanley, Wells Fargo
- Information Technology - PA CLE

Personnel development is a key element of the Board's business strategy. Focal points include cross-training, institutionalizing knowledge, employee retention, and succession planning. Each of these is described further below.

Cross-Training

NVCLE's cross-training operates from both the top down and bottom up, intersecting with the Training/IT specialist Justin Williams. Onboarding and new employee training are key components as well.

From the top down, for example, the Executive Director actively participates in onboarding, but covers a broader spectrum than just the particular job responsibilities. Similarly, from the bottom up, as newer employees learn their jobs, they are contributing such knowledge to the Board's position responsibilities manual.

In this manner, NVCLE is building in backup capabilities for various job functions, while also enriching the learning opportunities and work experience for staff. Furthermore, the former ties directly into institutionalizing knowledge, while the latter does the same for employee retention.

Institutionalizing Knowledge

Both the Board's Executive Director, Laura Bogden, and Assistant Executive Director, Debbie Russell, have been with NVCLE for 21 years. In the process, they have amassed significant know-how relating to providers, attorneys, compliance, operations, and other aspects of CLE. It is therefore a critical imperative that this knowledge be codified and recorded ("institutionalized") for continued success beyond their tenures.

NVCLE has begun this process by working with Holland & Hart to develop an employee manual, which is nearing completion. The Board is also utilizing onboarding and employee cross-training to this end. For example, while learning her job responsibilities, new hire Anne Barlow is writing them as policies and procedures for her position. Similarly for cross-training, as Laura shares knowledge in cross-training, recipients such as Justin record the information.

Ultimately, the Board will consolidate the collective work-product from these programs into a comprehensive policies, procedures, and position responsibilities manual.

Employee Retention

While NVCLE has historically enjoyed low turnover, the Board is nonetheless focusing on methods to perpetuate it for the long-term. The above-mentioned job enrichment from cross-training is one such element. By reducing clerical work and speeding processes, the systems upgrades and automation underway tie in as well.

In addition, the Board has conducted a salary survey for reevaluating staff compensation, plans to add disability insurance benefits, and is considering moving to a PTO leave system. Clearly, employee retention is essential to the succession planning process as well.

Succession Planning

The Executive Director has initiated an effort to identify candidates, both internally and externally, with the potential to succeed current top management. Internally, the cross-training and employee retention efforts are oriented toward preparing them for possibly stepping into leadership positions in the future. As this process progresses, NVCLE will also evaluate staff who might advance into the jobs currently held by individuals being considered for eventual promotion into senior positions.

Since the NVCLE business plan contemplates few if any new hires in the next five years, it is unlikely that additional potential successors will arise internally. Externally, then, the Board will begin identifying and building relationships with professionals in the CLE/legal arena as potential outside hires for senior positions.

GOVERNANCE

NVCLE recommends a seven-member Board of Directors, consisting of:

- One judicial member appointed by the Supreme Court.
- One member from the State Bar's Board of Governors to act as both a Board member and a liaison with the Board of Governors.
- Five attorneys, to be a diverse group representing Northern, Southern, and Rural Nevada, with one of the five to be a Supreme Court appointment to act as both a Board member and liaison to the Supreme Court.
- Among these, one would serve as Chair and one as Vice Chair.

Open positions would be selected from applicants replying to advertisements for the openings in the Nevada Lawyer and other attorney publications as well as email announcements, then vetted by NVCLE and submitted to the Supreme Court. Appointments would then be made based on a hybrid methodology being developed by the Supreme Court.

The Board believes this structure provides a manageable size for thoughtful but expedient decision-making, represents regional interests around the State, facilitates accurate information flow to and from the Supreme Court and Bar, and minimizes potential conflicts of interest. Appointments would be recommended by NVCLE and subject to the Supreme Court's approval. Diversity in representation of the attorney members would be a focal point.

NVCLE will also afford its board members with opportunities to enhance their knowledge and expertise in the CLE regulatory arena, such as joining staff in attending CLEReg meetings.

FINANCIAL OVERVIEW

Historical Financial Results

Since inception, NVCLE has utilized an attorney-funded model, in which fees from attorneys have generated the Board's operating income. The current fee structure went into effect following the Supreme Court's approval of substantial fee increases in 2009. As a result, income swelled in 2010 and created a sizeable reserve position that remains today.

However, whether funded by attorneys or providers, NVCLE in effect operates in a static unit volume business. In other words, the number of credit hours is fixed and the number of attorneys grows slowly, so the "units" (attorneys for annual fees and credit hours for provider fees) remain about the same. Therefore, left unchanged, profitability erodes as operating expenses increase over time.

NVCLE's historical financial results indicate this effect, as summarized on the following page. With the fee increases authorized in 2009, income swelled in 2010. Thereafter, income from annual attorney fees grows nominally as the number of practicing attorneys slowly expands. Compliance patterns and therefore compliance fees vary year-to-year, such as in 2014 when they increased, while the opposite occurred in 2012.

Operating costs continued to increase steadily, though, leading to declining profitability and the eventual net loss in 2014.

Nevada Board of Continuing Legal Education

Summary Historical Financial Results

<u>Income</u>	For the Years Ended December 31,				
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Annual Dues	\$288,586	\$293,470	\$305,490	\$302,019	\$309,171
Extension Fees	\$216,949	\$185,348	\$173,183	\$177,320	\$156,395
Late Fees	NR	NR	NR	NR	\$9,900
Consent to Dismissal Fees	NR	NR	NR	NR	\$36,500
Reinstatement Fees	NR	NR	NR	NR	\$3,500
Online Provider Fees	\$0	\$0	\$0	\$0	\$0
Total Fees	\$505,535	\$478,818	\$478,673	\$479,339	\$515,466
Interest Income	<u>\$1,780</u>	<u>\$1,628</u>	<u>\$2,250</u>	<u>\$2,126</u>	<u>\$2,055</u>
Total Income	\$507,315	\$480,446	\$480,923	\$481,465	\$517,521
<u>Expenses</u>					
Office & Supplies	\$5,248	\$3,386	\$4,559	\$4,102	\$9,804
Communications	\$17,731	\$15,168	\$16,260	\$22,031	\$24,420
Computers & Equipment	\$8,824	\$2,590	\$11,959	\$17,638	\$8,637
Rent	\$37,710	\$38,790	\$39,870	\$40,320	\$40,320
Payroll & Benefits	\$301,058	\$294,099	\$322,770	\$357,256	\$402,859
Travel	NR	NR	NR	NR	\$5,242
Professional Services	\$9,084	\$10,256	\$12,947	\$18,729	\$16,776
Miscellaneous	<u>\$5,417</u>	<u>\$13,739</u>	<u>\$7,159</u>	<u>\$11,991</u>	<u>\$25,076</u>
Total Expenses	\$385,072	\$378,028	\$415,524	\$472,067	\$533,135
Net Income	<u>\$122,243</u>	<u>\$102,418</u>	<u>\$65,400</u>	<u>\$9,398</u>	<u>(\$15,613)</u>

NR = Not reported as a distinct line item.

Projected Financial Results

In conjunction with designing its provider funding structure, the Board developed a comprehensive financial projections model to assess the anticipated financial performance. This model is built up from granular-level inputs (assumptions) determined by NVCLE staff. Such granularity provides the flexibility to enter assumptions and, based on the results, selectively adjust inputs and gauge the revised outputs.

As an example, there are an array of compliance pathways an attorney can proceed down, ranging from fully compliant at March 1 to never compliant and suspended. The fees collected from an attorney depend on where in the process he/she comes into compliance. Therefore, the model enables NVCLE to assume a distribution of attorneys across each of these pathways. It also provides for changing these distributions year to year, since higher compliance will result in a different combination of fees, and thus amounts, being collected.

NVCLE applied an iterative process of conceptualizing a structure, determining the assumptions, assessing the outputs, and utilizing the model to adjust selected inputs, assess the results, and refine the structure. Repeating this process several times, the Board arrived at a provider funding plan that fulfilled NVCLE's strategic imperatives while generating sufficient income to meet the requisite costs and project a sustainable financial foundation.

The financial model incorporates two revenue modules, one for NVCLE's existing operation and the other for the provider funding structure. It cuts over from the former to the latter based on the assumed timing for implementing the provider funding structure. For expenses, modules include non-recurring PA CLE development costs, ongoing PA CLE licensing and support fees, non-recurring NVCLE implementation expenses, and ongoing NVCLE operating expenses.

The primary drivers in the model – those assumptions that have the most impact on the projected financial results – include:

- Compliance levels (reflected by the above-mentioned distribution of attorneys across compliance scenarios).
- The per credit hour fee.

- The fees assessed at various stages of non-compliance.
- The annual attorney fee.

While the model incorporates dozens of other assumptions, these constitute the major “levers” for generating income in a static unit volume environment, assuming the required number of credit hours remains unchanged

The Board considered which fees to use in what combinations at what dollar levels over which periods of time. In conjunction, NVCLE estimated attainable compliance levels during the course of the projections timeframe. Cost savings resulting from automation were factored into the expense side, and the Board targeted prudent net income levels as an overall principle. Additional considerations included raising late and penalty fees to drive compliance higher, and substantially shifting fees (other than non-compliance) from attorneys to providers.

The resulting projected financial results are summarized in the table below. Please refer to the Appendix for detailed financial projections.

Nevada Board of Continuing Legal Education

Summary Projected Financial Results

<u>Income:</u>	<u>For the Year Ended December 31,</u>					
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>Attorney Fees</u>						
Annual Fees	\$304,705	\$316,713	\$0	\$0	\$0	\$0
Non-Compliance Fees	\$316,037	\$216,675	\$531,562	\$468,352	\$427,196	\$351,757
Credit Hour Fees	\$0	\$93,816	\$111,697	\$96,654	\$79,828	\$61,078
Program Application Fees	\$0	\$80,184	\$95,887	\$83,492	\$69,618	\$54,147
Total Income from Attorneys	\$620,742	\$707,388	\$739,147	\$648,499	\$576,642	\$466,982
<u>Provider Fees</u>						
Annual Renewal Fees	\$13,200	\$24,952	\$35,624	\$37,405	\$39,275	\$41,239
Non-Compliance Fees	\$0	\$0	\$6,707	\$7,042	\$7,394	\$7,764
Credit Hour Fees	\$0	\$258,996	\$382,239	\$421,979	\$464,737	\$510,715
Attendance Reporting Fees	\$0	\$20,447	\$24,323	\$22,311	\$20,885	\$22,336
Accrediting Application Fees	\$0	\$2,250	\$5,400	\$5,400	\$5,400	\$5,400
Total Income from Providers	\$13,200	\$306,645	\$454,293	\$494,137	\$537,691	\$587,454
Total Fee Income:	\$633,942	\$1,014,033	\$1,193,439	\$1,142,636	\$1,114,333	\$1,054,436
Interest Income:	\$3,000	\$3,004	\$2,829	\$4,294	\$5,354	\$6,126
Total Income:	\$636,942	\$1,017,037	\$1,196,268	\$1,146,930	\$1,119,688	\$1,060,562
<u>Expenses</u>						
PA CLE Development Costs	\$12,600	\$83,620	\$0	\$0	\$0	\$0
PA CLE Recurring Costs:	\$7,950	\$49,997	\$94,125	\$88,184	\$84,751	\$86,654
NVCLE Implementation Expenses:	\$2,300	\$134,900	\$0	\$0	\$0	\$0
Operating Expenses:	\$613,299	\$783,603	\$809,005	\$846,724	\$880,627	\$912,188
Total Expenses:	\$636,149	\$1,052,120	\$903,130	\$934,909	\$965,378	\$998,841
Net Income	\$794	(\$35,083)	\$293,138	\$212,022	\$154,310	\$61,721
Beginning Reserves:	\$600,000	\$600,794	\$565,710	\$858,848	\$1,070,870	\$1,225,180
Ending Reserves:	\$600,794	\$565,710	\$858,848	\$1,070,870	\$1,225,180	\$1,286,900

Of key significance, attorneys who are in compliance are providing only about 17% of NVCLE's funding in 2017, which decreases to 11% by 2020.

The following table provides the primary assumptions (the "levers" described above) that generate the projected results.

Nevada Board of Continuing Legal Education

Principal Assumptions

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Attorney Annual Fee	\$40	\$40	\$0	\$0	\$0	\$0
<u>Per Credit Hour Fees</u>						
Accredited Providers	NA	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00
Non-Accredited Providers	NA	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00
Attorneys	NA	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00
<u>Compliance Levels - Existing Model</u>						
By 12/31	79.6%	79.6%				
By 3/1 (extension)	9.1%	9.1%				
Before Petition (late)	9.2%	9.2%				
Before Suspension (dismissal)	1.6%	1.6%				
Following Suspension (reinstatement)	0.2%	0.2%				
<u>Compliance Levels - New Model</u>						
By 12/31		79.6%	82.5%	85.0%	87.5%	90.0%
By 3/1 (extension)		9.1%	8.5%	8.1%	7.1%	6.5%
Before Petition (late)		9.2%	7.6%	5.6%	4.1%	2.3%
Before Suspension (dismissal)		1.6%	1.1%	1.0%	1.0%	1.0%
Following Suspension (reinstatement)		0.2%	0.2%	0.2%	0.2%	0.1%
<u>Non-Compliance Fees - Existing Model</u>						
Extension	\$50	\$50				
Late	\$100	\$100				
Dismissal (weighted average)	\$750	\$750				
Reinstatement	\$500	\$500				
<u>Non-Compliance Fees - New Model</u>						
Extension		\$100	\$100	\$100	\$100	\$100
Late		\$250	\$250	\$250	\$250	\$250
Dismissal (minimum)		\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Reinstatement (minimum)		\$2,500	\$2,500	\$2,500	\$2,500	\$2,500

A synopsis of key metrics is provided in the following table:

Nevada Board of Continuing Legal Education

Selected Financial Metrics

	For the Year Ended December 31,					
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Fees from Attorneys in Compliance	\$304,705	\$490,713	\$207,584	\$180,146	\$149,446	\$115,225
<u>As a % of Total Income</u>						
Annual Fees	47.8%	31.1%	0.0%	0.0%	0.0%	0.0%
Credit Hour Fees	0.0%	9.2%	9.3%	8.4%	7.1%	5.8%
Program Application Fees	0.0%	7.9%	8.0%	7.3%	6.2%	5.1%
Total - Attorneys in Compliance	47.8%	48.2%	17.4%	15.7%	13.3%	10.9%
Attorneys Not in Compliance	49.6%	21.3%	44.4%	40.8%	38.2%	33.2%
Providers	2.1%	30.2%	38.0%	43.1%	48.0%	55.4%
Interest Income	0.5%	0.3%	0.2%	0.4%	0.5%	0.6%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<u>As a % of Income from Attorneys</u>						
Annual Fees	49.1%	44.8%	0.0%	0.0%	0.0%	0.0%
Non-Compliance Fees	50.9%	30.6%	71.9%	72.2%	74.1%	75.3%
Credit Hour Fees	0.0%	13.3%	15.1%	14.9%	13.8%	13.1%
Program Application Fees	0.0%	11.3%	13.0%	12.9%	12.1%	11.6%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<u>Increase/(Decrease) in</u>						
Attorney Fees	NA	14.0%	4.5%	-12.3%	-11.1%	-19.0%
Provider Fees	NA	2223.1%	48.1%	8.8%	8.8%	9.3%
Development & Implementation Costs	\$14,900	\$218,520	\$0	\$0	\$0	\$0
Operating Expenses/Total Income	96.3%	77.0%	67.6%	73.8%	78.6%	86.0%
Net Income	\$794	(\$35,083)	\$293,138	\$212,022	\$154,310	\$61,721
One-Time Expenses	<u>\$14,900</u>	<u>\$218,520</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Net Income from Ongoing Operations	\$15,694	\$183,437	\$293,138	\$212,022	\$154,310	\$61,721
Development and Implementation Expense per Attorney	\$2	\$24	\$0	\$0	\$0	\$0

NVCLE's new business model accomplishes the following:

- It shifts funding to providers and non-compliant attorneys. As noted previously, attorneys who are in compliance account for only about 17% of NVCLE's funding in 2017, which decreases to 11% by 2020.

- With the provider funding systems development and implementation costs, NVCLE operates at a small loss in 2016. Based on ongoing (excluding one-time costs) operations, though, results are reasonably positive.
- Total income rises sharply in 2016 and peaks in 2017, as does net income. Such results arise from the attorney annual fee remaining in place in 2016, with higher non-compliance fees taking full effect in 2017. Thereafter, as compliance levels increase in response, attorney fees decline and total income stabilizes.
- Net income declines in the outer years as operating expenses rise over time. NVCLE can readily address this eventuality with a relatively small increase in the per credit hour fee paid by providers in 2020. By that time this fee would have been held flat at \$5.00 per credit hour for four years, making such an increase tenable.
- The all-in cost to implement the new business model is only about \$25 per attorney.

NVCLE is available to discuss both the projected financial results and the underlying model in further detail at the Supreme Court's pleasure.

Reserves

NVCLE's reserve position was approximately \$600,000 at year-end 2014, and with approximately break-even performance projected for the current year, the Board expects reserves to be about the same at the end of 2015.

The Board has structured its new business model with the objective to maintain and subsequently build reserves, but in determining its near-term strategy has taken the following factors into account:

- An estimated \$230,000 will be required for development and implementation of the provider funding business plan.
- The projected financial results are highly sensitive to assumed compliance levels. For example, an increase in compliance of 2.5 percentage points leads to substantial decreases in net income and a net loss in the final year.
- Time delays could have a significant impact. Income from program fees (per credit hour and attendance report filing) is projected at over \$400,000 in 2016. Consequently, if the system changeover were to slip to the end of the year, such income would be lost for 2016.
- Cost overruns. The projections model provides a budget for change orders, but unanticipated events are not uncommon.
- The inherent uncertainty of financial projections in general.

- Other potential policies being considered by the board and their associated costs.
- A current reserve balance that represents approximately one year of operating expenses in 2015, and less than a year in 2016.

Consequently, the Board recommends maintaining its current reserve position until the new systems have been implemented and the provider funding model is operating smoothly. At such time NVCLE will have good visibility on the stable-state scenario, at which time the Board would be in a position to set aside excess reserves to be distributed in accordance with the Supreme Court, State Bar, Blue Ribbon Commission and Board input.

APPENDIX
Projected Financial Results

Nevada Board of Continuing Legal Education						
<u>Projected Financial Results</u>						
<u>Revenues</u>	For the Year Ended December 31,					
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>Attorneys</u>						
Annual Fees	\$304,705	\$316,713	\$0	\$0	\$0	\$0
Extension Fees	\$71,840	\$40,821	\$79,656	\$79,998	\$73,666	\$70,515
Non-Compliance Fees:	\$197,412	\$81,756	\$322,698	\$276,842	\$251,940	\$201,705
Fees in Arrears	\$46,786	\$94,099	\$129,209	\$111,513	\$101,591	\$79,538
Credit Hour Fees	\$0	\$93,816	\$111,697	\$96,654	\$79,828	\$61,078
Program Application Fees	\$0	\$80,184	\$95,887	\$83,492	\$69,618	\$54,147
Total Income from Attorneys	\$620,742	\$707,388	\$739,147	\$648,499	\$576,642	\$466,982
<u>Providers</u>						
Annual Renewal Fees	\$13,200	\$24,952	\$35,624	\$37,405	\$39,275	\$41,239
Non-Compliance Fees	\$0	\$0	\$6,707	\$7,042	\$7,394	\$7,764
Fees in Arrears	\$0	\$0	\$0	\$0	\$0	\$0
Credit Hour Fees - Accredited Providers	\$0	\$97,325	\$150,987	\$173,271	\$197,405	\$223,519
Credit Hour Fees - Non-Accredited Providers	\$0	\$161,171	\$231,252	\$248,708	\$267,332	\$287,196
Attendance Filing Fees - Accredited Providers	\$0	\$0	\$0	\$0	\$0	\$0
Attendance Filing Fees - Non-Accredited Providers	\$0	\$20,447	\$24,323	\$22,311	\$20,885	\$22,336
Accredited Provider Application Fees	\$0	\$2,250	\$5,400	\$5,400	\$5,400	\$5,400
Total Income from Providers	\$13,200	\$306,645	\$454,293	\$494,137	\$537,691	\$587,454
Fee Income	\$633,942	\$1,014,033	\$1,193,439	\$1,142,636	\$1,114,333	\$1,054,436
Interest Income	\$3,000	\$3,004	\$2,829	\$4,294	\$5,354	\$6,126
Total Income	\$636,942	\$1,017,037	\$1,196,268	\$1,146,930	\$1,119,688	\$1,060,562

Nevada Board of Continuing Legal Education

Projected Financial Results

(Continued)

Expenses	For the Year Ended December 31,					
	2015	2016	2017	2018	2019	2020
PA CLE Development Expenses						
CLETS Upgrades	\$0	(\$1,100)	\$0	\$0	\$0	\$0
Website Upgrades*	\$0	\$30,000	\$0	\$0	\$0	\$0
EXPRESS**	\$0	\$8,400	\$0	\$0	\$0	\$0
Provider Credit Card Processing	\$0	\$9,300	\$0	\$0	\$0	\$0
Attorney Online Payment	\$10,500	\$0	\$0	\$0	\$0	\$0
Phone App	\$0	\$21,000	\$0	\$0	\$0	\$0
Provider Training Manual	\$0	\$2,500	\$0	\$0	\$0	\$0
Out-of-Pocket Expenses	\$2,100	\$13,520	\$0	\$0	\$0	\$0
Total PA CLE Development Costs	\$12,600	\$83,620	\$0	\$0	\$0	\$0
PA CLE Recurring Expenses						
Annual License Fee - Existing Software	\$0	\$18,000	\$18,743	\$20,270	\$21,922	\$23,709
Support Fees - Existing Software	\$7,950	\$1,950	\$1,950	\$1,950	\$1,950	\$1,950
Annual License Fee - New Modules	\$0	\$8,367	\$21,085	\$22,804	\$24,862	\$26,672
Support Fees - New Modules	\$0	\$6,420	\$15,750	\$8,200	\$2,250	\$2,250
Transaction Processing Fees	\$0	\$15,280	\$36,597	\$34,961	\$33,967	\$32,073
Total Recurring PA CLE Expenses	\$7,950	\$49,997	\$94,125	\$88,184	\$84,751	\$86,654
NVCLE Implementation Expenses						
Contracting with PA CLE	\$0	\$0	\$0	\$0	\$0	\$0
Travel	\$2,300	\$4,600	\$0	\$0	\$0	\$0
Provider Announcements	\$0	\$10,900	\$0	\$0	\$0	\$0
Attorney Announcements	\$0	\$95,400	\$0	\$0	\$0	\$0
Other Announcements	\$0	\$0	\$0	\$0	\$0	\$0
Advertising	\$0	\$24,000	\$0	\$0	\$0	\$0
Total Implementation Expenses	\$2,300	\$134,900	\$0	\$0	\$0	\$0

Nevada Board of Continuing Legal Education

Projected Financial Results

(Continued)

Operating Expenses	For the Year Ended December 31,					
Supplies	\$9,374	\$4,800	\$5,100	\$5,400	\$5,700	\$6,000
Office Expenses	\$3,098	\$6,600	\$7,200	\$7,800	\$8,400	\$9,000
Computers	\$21,847	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Internet	\$953	\$1,200	\$1,350	\$1,500	\$1,650	\$1,800
Equipment Maintenance	\$6,762	\$13,200	\$14,400	\$15,600	\$16,800	\$18,000
Telephone	\$5,100	\$3,600	\$3,600	\$3,600	\$4,500	\$4,500
Postage	\$12,240	\$19,244	\$19,458	\$19,653	\$20,126	\$20,280
Printing/Bulk Mail Supplies	\$10,272	\$10,000	\$10,000	\$7,500	\$7,500	\$7,500
Travel	\$28,600	\$59,050	\$59,050	\$59,050	\$59,050	\$59,050
Furniture & Equipment	\$8,333	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Rent	\$48,120	\$57,120	\$57,120	\$58,620	\$60,720	\$60,720
Payroll & Benefits	\$397,134	\$539,438	\$563,727	\$591,851	\$621,381	\$652,388
Professional Services	\$48,564	\$50,300	\$48,300	\$55,800	\$53,800	\$51,300
Other Expenses	<u>\$12,903</u>	<u>\$11,050</u>	<u>\$11,700</u>	<u>\$12,350</u>	<u>\$13,000</u>	<u>\$13,650</u>
Total Operating Expenses	\$613,298	\$783,603	\$809,005	\$846,724	\$880,627	\$912,188
Total Expenses	\$636,149	\$1,052,120	\$903,130	\$934,909	\$965,378	\$998,841
Net Income	\$794	(\$35,083)	\$293,138	\$212,022	\$154,310	\$61,721
Beginning Reserves	\$600,000	\$600,794	\$565,710	\$858,848	\$1,070,870	\$1,225,180
Ending Reserves	\$600,794	\$565,710	\$858,848	\$1,070,870	\$1,225,180	\$1,286,900