



Law Society  
of Ontario

Barreau  
de l'Ontario

**Tab 2**

## **Audit & Finance Committee**

### **Report to Convocation**

October 26, 2023

**Committee Members:**

Sidney Troister (Chair)

Michelle Lomazzo (Vice Chair)

Rebecca Durcan

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# FOR DECISION

## Law Society of Ontario 2024 Budget

**Motion:**

That Convocation approve the Law Society’s 2024 Budget as presented in this report, including:

- a) Annual fees for lawyer and paralegal licensees of \$1,956 and \$990, respectively,
- b) The use of fund balances to fund operations and mitigate annual fee increases totaling \$8,318,000 as defined below,
- c) A loan of up to \$5,675,000 from the Lawyer General Fund to the Capital Allocation Fund restricted to fund the Business and Technology Transformation Initiative (the “Transformation”),
- d) The transfer of \$3,500,000 from the fund balance of the Lawyer General Fund to the Capital Allocation Fund restricted to fund the Transformation, and
- e) The use of \$600,000 of available fund balance in the Capital Allocation Fund to fund facility preservation and infrastructure projects in 2024.

**Proposed 2024 Annual Fees:**

Fund	Lawyers	Paralegals
General Fund	\$1,589	\$934
Compensation Fund	\$105	\$1
Capital Allocation Fund	\$55	\$55
County Libraries Fund (LiRN Inc.)	\$207	-
<b>Total</b>	<b>\$1,956</b>	<b>\$990</b>

**Proposed use of \$8,318,000 of fund balances to fund operations in 2024:**

Fund Name	2024 Draft Budget
General Fund – Lawyer	\$6,000,000
Errors and Omissions Insurance Fund	1,200,000
General Fund – Paralegal	600,000
Special Projects Fund	518,000
<b>TOTAL</b>	<b>\$8,318,000</b>

## Budget Overview

The 2024 budget presents a balanced approach to maintaining operations while it invests in the Law Society’s future and continued movement forward as a modern and proactive regulator. It focuses on the Law Society’s core operations, serving the public, licensees and candidates, and ongoing evolution by:

- Maintaining its significant business functions, including many unique programs and services that support our mandated regulatory activities,
- Investing in critical technology and business process infrastructure changes to support the Law Society’s advancement, enhance service delivery, further efficiencies and mitigate the risks associated with legacy systems,
- Mitigating annual fee increases for licensees through streamlined workflows and the use of fund balances,
- Maintaining the Law Society’s solid financial position for the long-term to fulfill our mandate and cope with potential unplanned financial pressures.

With 2023 seeing sustained volatility in the financial markets and inflationary pressures resulting in continued increases in the cost of goods and services, the 2024 budget remains sensitive to,

- the unpredictable nature of the volume and size of claims against the lawyer pool of the Compensation Fund and the resulting risk exposure,
- possible continued financial market volatility and its potential to negatively impact the fair value of Law Society investment portfolios and its fund balances,
- measured use of available fund balances to fund operations and initiatives while maintaining the Law Society’s solid financial position with adequate reserves to manage unforeseen circumstances.

## Change in Annual Fees

For 2024, the budget results in a slight reduction to licensee annual fees. The following tables present the year over year change in the components of the annual fee for lawyers and paralegals:

### Lawyer

Annual Fee Component	2023	2024	Change (\$)	Change (%)
General Fund	\$1,625	\$1,589	(\$36)	(2%)
Compensation Fund	90	105	15	17%
Capital Allocation Fund	66	55	(11)	(17%)
County Libraries Fund (LiRN Inc.)	200	207	7	3%
<b>Total</b>	<b>\$1,981</b>	<b>\$1,956</b>	<b>(\$25)</b>	<b>(1%)</b>

## Paralegal

Annual Fee Component	2023	2024	Change (\$)	Change (%)
General Fund	\$959	\$934	(\$25)	(3%)
Compensation Fund	10	1	(9)	(90%)
Capital Allocation Fund	66	55	(11)	(17%)
<b>Total</b>	<b>\$1,035</b>	<b>\$990</b>	<b>(\$45)</b>	<b>(4%)</b>

## Budget Decisions of the Audit and Finance Committee

The Audit & Finance Committee (“Committee”) was presented with the draft budget and additional supporting information at its meetings in September and October, prior to recommending the 2024 budget for approval by Convocation. In making this recommendation, the Committee considered and decided on a few key decision points for the funding of

- the lawyer pool of the Compensation Fund and
- the Transformation.

### Compensation Fund

In assessing the 2024 budget for the provision for unpaid grant expense in the lawyer pool of the Compensation Fund, the Committee considered risk to the fund balance stemming from increased claims activity, fluctuations in the fair value of investments, and the minimum fund balance threshold under the Law Society’s Fund Balance Management Policy of \$20.4 million.

Specific options considered by the Committee included:

- Retaining the current provision for unpaid grant expense at the 2023 budget amount of \$5.1 million, which is trending in line with the projected expenses to the end of 2023, assuming continued stability in claims activity,
- Increasing the provision for unpaid grant expense to \$6.0 million based on an updated stochastic model prepared by the actuarial firm engaged by the Law Society in May 2023. This model used more current data, and a 0% annual growth assumption, which is consistent with previous stochastic models,
- Increasing the provision for unpaid grant expense to \$6.7 million based on an alternate updated stochastic model prepared by the actuarial firm using a 2% annual growth assumption to reflect future increases in the severity of claims.

The Committee decided to set the 2024 provision for unpaid grant expense for the lawyer pool of the Compensation Fund at \$6.0 million, after considering the options and risks noted above, as well as management’s recommendation.

The Committee also assessed the budget for the provision of unpaid grant expense in the paralegal pool of the Compensation Fund and agreed to set the provision at \$50,000. The risks to the paralegal pool are much lower as the claim limits are capped at \$10,000, and the level of activity is smaller when compared to the lawyer pool. The Committee's decision was based on a stochastic model prepared by the actuarial firm for the first time since the inception of the paralegal pool of the Compensation Fund in 2007.

### **Funding of the Transformation**

In April 2022, Convocation approved proceeding with the Transformation and the transfer of \$8.6 million from the unrestricted fund balance within the Errors & Omissions ("E&O") Fund to the Capital Allocation Fund for this purpose. The 2022 budget included \$500,000 for initial costs of the Transformation.

Coinciding with the approval of the 2023 budget, Convocation approved a further \$3.5 million transfer from the Lawyer General Fund to the Capital Allocation Fund for the Transformation. In total, funding of \$12.6 million has been secured in the Capital Allocation Fund, restricted for the Transformation.

Capital costs of the Transformation are estimated at \$22.3 million. Estimated spending to the end of 2023 is \$13.1 million. The difference of \$500,000 over what has already been secured will be funded from available fund balance in the Capital Allocation Fund resulting from cost savings in the 2023 Bencher Wing preservation project as actual expenses are under budget. The remaining funding of \$9.2 million required is reflected as part of the 2024 budgeted expenses in the Capital Allocation Fund.

The Committee discussed options for funding the estimated \$9.2 million required for the Transformation through the 2024 budget and recommends:

**a) Transferring \$3.5 million of the fund balance in the Lawyer General Fund to the Capital Allocation Fund.**

The Lawyer General Fund is projected to end 2023 with a fund balance of \$37.5 million, which is above the maximum threshold under the Fund Balance Management Policy ("Policy"). As outlined in the following fund balance projection section, this transfer is feasible and would assist to bring the Lawyer General Fund balance into compliance with the Policy. The alternative would be to raise the \$3.5 million through lawyer and paralegal annual fees, which would increase the fees by \$62 per licensee. The Committee agreed with the \$3.5 million transfer as described and as proposed in the draft 2024 budget.

**b) Loaning up to \$5.675 million<sup>1</sup> from the Lawyer General Fund to the Capital Allocation Fund with repayment in future years through the Capital Allocation Fund component of the lawyer and paralegal annual fees.**

When Convocation approved proceeding with the Transformation, it was anticipated that funding would be raised over 5 years. A loan from the Lawyer General Fund to the Capital Allocation Fund would facilitate funding the completion of the Transformation earlier than anticipated while raising the balance of required funds over the next two to three years as originally planned. Without the interfund loan, the options are to increase the annual fee by approximately \$100 or borrow through a financial institution.

The Committee also discussed the merits of treating the funding as a loan at this time, and that a decision could be made by Convocation to change the loan to a transfer, depending on the fund balance in future years. It was agreed that a decision to transfer would be deferred until the 2025 and 2026 budget cycles.

## Year to Year Budget Comparison

The following table, in millions of dollars, compares revenues and expenses in the draft 2024 budget with the approved 2023 budget, identifying notable drivers of the change year over year.

Category	2024 Budget	2023 Budget	Change	Key Drivers
Annual Fees	\$102.4	\$101.9	\$0.5	Increase in full fee equivalent lawyers and paralegals partially offset by decreases in annual fees for both
Licensing Process	\$16.7	\$15.7	\$1.0	Fees paid by candidates remain unchanged, but the increase in revenue is driven by 2024 being the first full year of candidates paying increased fees as approved in the 2023 budget, and a 2.5% increase in the projected number of licensing candidates
CPD	\$7.7	\$7.5	\$0.2	Continued post-pandemic registration growth in registrations for CPD programming
Other Revenue	\$8.4	\$7.4	\$1.0	Increased investment income with higher interest rates, partially offset by a reduction in Lexis Nexis royalty payments
<b>Total Revenues</b>	<b>\$135.2</b>	<b>\$132.5</b>	<b>\$2.7</b>	

<sup>1</sup> Dependent on actual expenses incurred.

Category	2024 Budget	2023 Budget	Change	Key Drivers
Salaries & Benefits Expenses	\$75.3	\$72.7	\$2.6	3% provision for salary costs (including salary increases, market adjustments, promotions and leaves) and a 1% increase in benefit premium costs
Operating Expenses	\$3.2	\$3.7	(\$0.5)	Decrease in office, document reproduction and travel costs
Program Expenses	\$45.6	\$43.2	\$2.4	Contributors: <ul style="list-style-type: none"> <li>• Transitional costs related to the Transformation</li> <li>• Increased Licensing Process expenses for accommodations and venue rentals</li> <li>• Reduced bencher related costs with continuation of hybrid and virtual meetings, events and hearings</li> <li>• Reduced use of external counsel in Professional Regulation</li> <li>• Reduced litigation defence budget in the Office of General Counsel</li> </ul>
Compensation Fund	\$6.2	\$5.4	\$0.8	Increase in the provision for unpaid grants expense within the lawyer pool of the Compensation Fund of \$900,000, offset by a decrease in the provision for unpaid grants expense within the paralegal pool of the Compensation Fund of \$116,000
Capital Allocation Fund	\$12.9	\$6.5	\$6.4	Transformation capital expense of \$9.2 million included in the 2024 budget. The 2023 budget included \$3.8 million for the Bencher Wing Restoration project that is not reflected in 2024.
County Libraries	\$10.1	\$9.6	\$0.5	Increase in proposed funding to LiRN Inc. based on their budget submission
Total Expenses	\$153.3	\$141.1	\$12.2	

The full budget is available at [Tab 2.1.1](#).

## Projected Fund Balances

To assist Convocation in assessing the impact of the draft budget on fund balances, this section provides an analysis of projected fund balances to the end of 2024.

The Law Society has Fund Balance Management Policies (“Policies”) that set minimum and maximum fund balance thresholds for both the Lawyer General Fund, and the lawyer and paralegal pools of the Compensation Fund. These Policies are reviewed



every three years, with the most recent review completed and approved by Convocation in September 2023.

Projected ending fund balances for the General Funds, the pools of the Compensation Fund, and the Capital Allocation Fund, assuming normal operations with minimal variances from budget or notable changes in the fair value of investments, are summarized in the table below, followed by a brief description of the change for each specific Fund.

	Lawyer General Fund	Paralegal General Fund	Lawyer Pool of Comp Fund	Paralegal Pool of Comp Fund	Capital Fund	Unrestricted Portion of E&O Fund <sup>2</sup>
Projected Fund Balance: Dec. 31, 2023	\$37,500,000	\$2,400,000	\$23,200,000	\$960,000	\$2,800,000	\$2,500,000
Budgeted Use of Fund Balance for Operations in 2024	(\$6,000,000)	(\$600,000)	\$nil	\$nil	(\$9,775,000)	(\$1,200,000)
Interfund Transfer for Transformation	(\$3,500,000)	\$nil	\$nil	\$nil	\$3,500,000	\$nil
Loan for Transformation	(\$5,675,000)	\$nil	\$nil	\$nil	\$5,675,000	\$nil
<b>Projected Fund Balance: Dec 31, 2024</b>	<b>\$22,325,000</b>	<b>\$1,800,000</b>	<b>\$23,200,000</b>	<b>\$960,000</b>	<b>\$2,200,000</b>	<b>\$1,300,000</b>

## Lawyer General Fund

The Law Society's Policy for the Lawyer General Fund sets a minimum fund balance benchmark of two months of budgeted operating expenses and a maximum of three months of operating expenses. Based on the 2024 budget with operating expenses of \$111.6 million, the minimum and maximum benchmarks for the fund balance are \$18.6 million and \$27.9 million, respectively.

The proposed transfers noted above will bring the fund balance of the Lawyer General Fund within the current minimum and maximum fund balance benchmarks under the Policy and leave a buffer for unforeseen circumstances.

<sup>2</sup> This is the unrestricted fund balance related to the cumulative investment income surplus to the needs of the E&O Fund.

## **Paralegal General Fund**

There is no formal Policy for the Paralegal General Fund. The proposed use of approximately \$600,000 of the fund balance in 2024 will bring the Paralegal General Fund to \$1.8 million. Depending on the financial results for 2024, there may be less available fund balance to support operations in future budgets.

## **Lawyer Pool of the Compensation Fund**

The Policy for the lawyer pool of the Compensation Fund requires an actuarial review of the aggregate claims against the Fund at least every three years, with the most recent review completed in May 2023. In September 2023, Convocation approved maintaining the existing Policy for the lawyer pool of the Compensation Fund resulting in a minimum fund balance threshold of \$20.4 million and an upper threshold of \$103.3 million. The forecasted 2023 year-end fund balance is approximately \$3.0 million above the Policy minimum threshold. It would only take 6 claims, at the maximum grant amount of \$500,000, to bring the fund balance below the minimum threshold under the Policy. This does not consider the impact on the fund balance if the Compensation Fund's investment portfolio experiences unrealized losses in 2024, which would further decrease the fund balance. As a result, the 2024 budget does not contemplate the use of any fund balances to mitigate the increase to the Compensation Fund component of the lawyer annual fee.

## **Paralegal Pool of the Compensation Fund**

Convocation approved a new Policy for the paralegal pool of the Compensation Fund at its September 2023 meeting. The Policy for the paralegal pool of the Compensation Fund results in a minimum fund balance threshold of \$143,000 and an upper threshold of \$707,000. As the current balance of the paralegal pool of the Compensation Fund exceeds the maximum benchmark, the 2024 budget recommends a nominal fee of \$1. The Law Society will bring the paralegal pool of the Compensation Fund below the maximum benchmark over the next three years, as permitted under the Policy.

## **Capital Allocation Fund**

As funding for capital initiatives is based on identified needs, there is no formal fund balance management policy for the Capital Allocation Fund. Within the Capital Allocation Fund, a portion of the fund balance is restricted for the Transformation. As indicated in the decision points section above, the Committee's recommendation to Convocation is to fund the remaining \$9.2 million required for the Transformation by a combination of:

- A transfer of \$3.5 million to the Capital Allocation Fund from the Lawyer General Fund, and
- A loan of up to \$5.675 million to the Capital Allocation Fund from the Lawyer General Fund.

The restricted balance for the Transformation in the Capital Allocation Fund is projected to be nil at the end of 2024.

The 2024 budget includes the use of \$600,000 of the Capital Allocation Fund balance to reduce the capital portion of the annual fee. This will result in a projected fund balance of \$2.2 million at the end of 2024. This buffer is prudent for managing unplanned urgent capital costs that may arise during the year, especially in a heritage building with the complexity of Osgoode Hall.

### **Unrestricted Portion of the E&O Fund**

The 2024 budget plans for the use of \$1.2 million of cumulative surplus investment income available in the E&O Fund balance to fund operations<sup>3</sup> and mitigate the lawyer annual fee. The unrestricted portion of the E&O Fund is tied to investment performance and volatility in the investment markets will directly impact the available fund balance.

A small balance is retained within the unrestricted portion of the E&O Fund to allow for further investment volatility and for potential use of this fund balance in future budgets. Section 50 of the Law Society By-Law 2 provides guidance with respect to the Law Society's budget process.

This budget incorporates the planned activities and programs approved by Convocation for 2024 and is recommended by the Audit & Finance Committee for approval by Convocation.

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<sup>3</sup> In the Lawyer General Fund

# 2024 Draft Budget



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## Budget Overview



# Budget Vision & Approach

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## Message from the CEO

The 2024 budget presents a balanced approach to managing significant business functions along with many unique programs and services that support the complex array of our mandated regulatory activities. In many respects, this is a maintenance budget. After a number of years of significant program, administrative and policy burden reduction for licensees and our operations, the organization has achieved a more streamlined approach to the management of our critical regulatory work.

The current economic situation will continue to have an impact on planning for the 2024 year. Fees for services have increased and this translates into increases in budget categories where we are dependent on external vendors – predominantly in areas related to business infrastructure (technology and business systems) and space (buildings). The continuing financial environment and inflationary pressures also means that our employee supports and rewards and our investment funds must be carefully managed in line with market trends. Our team continues to go above and beyond and retention of these skilled individuals is critical to our ongoing success as the largest legal regulator in the country.

# Budget Vision & Approach

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## Message from the CEO

Budget year 2024 will see a slight decrease in licensee fees. This decrease was achieved through continued improvements in our client service, regulatory, and file management activities. Efficiencies will continue to be developed as we proceed with our business and technology transformation project. This is the most significant operational project in the organization and involves a multi-year transition of all aspects of the administration of our mandate as a public interest regulator. It is a lengthy, yet time sensitive, project to address the replacement of business systems that are nearing their end of life. The investment that will be made in this transformation, including development of employee skill sets to effectively address our regulatory obligations, will set the organization up for success well into the future.

The Law Society's investment in business process improvements, removing our reliance on high-risk legacy systems, will support our people to be their most productive and permit the organization to continue its forward movement as a modern, proactive and risk-informed regulator, all in support of our public interest mandate.



# Budget Focus and Development

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## Message from the CFO

The Law Society entered 2023 on sound footing having managed the uncontrollable events of 2022: decreased value of investments with financial market volatility, rising costs with record inflation rates, and increased claims activity in the lawyer pool of the Compensation Fund. The Law Society's fund balance management policies were key to weathering a challenging year. While 2022 is behind us, the increased cost of goods and services persists, financial markets remain unsettled and Compensation Fund claims activity continues to be monitored.

With management engaged from across the Law Society, budget planning focused on further realization of efficiencies, sustaining stability, and investing in the future. The 2024 budget:

- Focuses on the Law Society's core operations and serving the public, licensees and candidates
- Mitigates annual fee increases for licensees through streamlined workflows and the use of fund balances
- Invests in the transformation of our business processes and underlying technology to set us up for the future
- Maintains the Law Society's solid financial position for the long-term to fulfill our mandate and manage the impact the lingering effects that inflation, financial market uncertainty and Compensation Fund pressures may have on our revenues or expenses.

# Budget Focus and Development

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## Message from the CFO

The 2024 budget has two key focuses: maintaining operations and investing in tomorrow. Operationally, it incorporates efficiencies and savings realized through streamlined processes, digitization and optimized use of virtual and hybrid modalities. The provision for Compensation Fund grant expense and the Law Society's Fund Balance Management Policy are reviewed by Convocation on a three-year cycle. The review is informed by an actuarial firm engaged to analyze historical Compensation Fund claims data, the severity and frequency of claims, and changes in claims limits. The analysis completed this year leads to a recommended increase in the provision for unpaid grant expense within the lawyer pool of the Compensation Fund.

As we look to the future, the capital budget incorporates funding for the transformation of our business processes and the underlying technology to support the Law Society in fulfilling its public interest mandate as a modern and proactive regulator. It also budgets for essential facilities infrastructure repairs. With a heritage designated building and grounds, maintenance and preservation of the premises is costly and complex with annual capital investments informed by a 10-year Facilities Condition Assessment completed in 2020.

This budget uses available fund balances to mitigate annual fee increases for licensees while maintaining adequate balances should the Law Society be faced with financial pressures beyond its control. Available fund balances are also used to expedite the transformation and infrastructure investment to support an earlier realization of the associated benefits.

# Key Budget Highlights

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## Convocation Policy Decision - Family Legal Services Provider

- In 2022, Convocation decided to move forward with the Family Legal Services Provider (“FLSP”) credential after a few years of policy deliberation and stakeholder consultation. The 2024 budget includes expenses for resources and program development totaling \$288,000.
- The 2019 budget, in anticipation of a decision that year, included funding to develop and implement the FLSP credential. At the end of that fiscal year, as a policy decision was still under consideration by Convocation, the funds raised for this specific purpose were transferred to the Special Projects Fund. At the end of June 2023, there was \$555,000 available to fund the FLSP related expenses.
- With funding in the Special Projects Fund, funds do not need to be raised in 2024 through the annual fee. The budget plans for the use of the Special Projects Fund balance to fund 2024 expenses.

# Key Budget Highlights

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## CPD Revenues

- The 2024 budget reflects a \$200,000 increase in Continuing Professional Development (“CPD”) revenues to \$7.7 million, which is in line with 2022 actual revenues. CPD registration continues to experience steady growth since the pandemic low of 2020. Anticipated growth in CPD revenue is tempered by non-controllable factors including the:
  - ‘long tail’ effect of the pandemic on CPD registrations and revenues which is expected to continue through next year, and
  - general slowing economic conditions resulting in potentially less discretionary income to spend on paid CPD content.

## Other Revenues

- Investment income is budgeted to increase by \$1.3 million due to increased interest rates and improved market performance, impacting interest earned on investment holdings.
  - The Bank of Canada's rate has steadily increased from 0.5% in January 2022 to 5.25% in July 2023. This increase in interest rates directly impacts the interest earned on the Law Society’s bank accounts, Guaranteed Investment Certificates, money market funds, and long-term bond portfolios.
- The term of the current agreement with Lexis Nexis for Ontario Reports royalties ends in December 2023. It is expected that the royalty income will decrease by \$200,000 to \$900,000 due to advertising income pressures at Lexis Nexis.

# Key Budget Highlights

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## Licensing Process

- Licensing Process revenues are expected to grow by \$1.0 million. The increase is driven by:
  - 2024 is the first full year with candidates paying increased fees as approved in the 2023 budget. Implementation of changes in candidate fees coincide with the beginning of the licensing process cycle in May, thus 2023 did not realize full impact of the increase.
  - A projected increase in the number of licensing candidates for both lawyers and paralegals. There has been a 2.5% growth trend in the number of candidates and is reflected in 2024 budget projections.
- The 2024 Licensing Process budget is based on the continuation of in-person examinations for lawyer and paralegal candidates. The budget includes a \$970,000 increase in total Licensing Process costs. The main drivers of the increase are
  - the rising cost of facilities and venues for examinations, and
  - significant growth in the number of licensing candidates requiring accommodations; an increase of approximately 45% for lawyers and 50% for paralegal candidates over the past two years. This drives higher per candidate venue rental and invigilation costs when compared to examinations delivered at the main examination sites.
- With the growth in revenue offsetting the increase in expenses, the candidate licensing fees remain unchanged as follows:
  - \$5,055 for lawyer candidates electing administrative Call to the Bar,
  - \$5,140 for lawyer candidates electing ceremonial Call to the Bar, and
  - \$1,500 for paralegal candidates

# Key Budget Highlights

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## People Expenses

- The budget includes a 3% provision for all matters related to salaries, including annual merit increases, market rate adjustments, funding for leaves of absence and other employee related costs. At the time of preparing the budget, the Consumer Price Index (CPI) for Ontario was 3.3% (July 2023). Current projections from the Bank of Canada indicate that while inflation is coming down from highs experienced in 2022, it will remain around 3% in 2024 before a planned return to a 2% target by the middle of 2025.
  - The budget also includes a 1% increase to benefits (from 15% to 16%) to account for growth in statutory and health and dental benefit costs over the years.
- There is a net increase of 0.5 full-time equivalent (“FTE”) employees in the 2024 budget (556 FTEs to 556.5 FTEs) attributable to the addition of 1 FTE for the FLSP implementation, 1 FTE to support meeting and event coordination in the absence of any catering employees, 0.5 FTE for the Office of the Complaints Resolution Commissioner all offset by a reduction of 2 FTEs in the organization achieved through workflow improvements.
- The budget plans for a 15% reduction in expenses related to benchers remuneration, disbursements and functions based on the experience of the past year. There continues to be a mix of benchers who attend Committee and Convocation meetings virtually, resulting in lower costs. This is partially offset by planned increases in bencher and adjudicator remuneration rates that will be aligned with the average increase in employee salaries.

# Key Budget Highlights

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## Operating & Program Expenses

- The process of migrating to the Law Society's new technology platform and decommissioning its multiple legacy systems requires a transition period when systems are run in parallel. To support this process, there will be outlays to acquire and maintain licences, additional system sustainment costs and some software maintenance contracts will remain in place until the Transformation is completed. This transitional period temporarily adds \$2.3 million in technology related costs.
- This budget assumes a further decline in the use of external counsel with a \$200,000 decrease in the Professional Regulation budget. Experience with E&O defence costs over the past 18 months has resulted in a reduction of \$190,000 in the counsel fee budget within the Office of General Counsel.
- The budget includes a decrease of approximately \$100,000 in security costs with the realignment of services to reflect the Law Society's ongoing hybrid environment.
- There is an overall decrease in operating expenses of \$467,000 across departments. This is driven by efficiencies arising from:
  - optimized use of hybrid and virtual modalities reducing travel costs
  - hybrid working arrangements reducing building maintenance and office supply costs
  - a decrease in paper documentation and reproduction costs as the organization continues with electronic files and digitization. Professional Regulation, specifically Litigation and Investigation Services, has reduced printing and scanning costs by \$265,000.

# Key Budget Highlights

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## Restricted Funds and Contingency

- The budget for the lawyer pool of the Compensation Fund includes an increase in the provision for unpaid grant expense from \$5.1 million to \$6.0 million. This increase was informed by:
  - Experience over the past few years with actual claims activity exceeding budget in the Compensation Fund
  - An actuarial firm's analysis of historical claims data and their update of the stochastic model used by the Law Society to assess the appropriate budget for the provision for grant expense and determine fund balance benchmarks based on risk tolerance within the Fund.
- Funding to other organizations increases by \$760,700 with most attributable to LiRN Inc. and the Federation of Law Societies of Canada ("FLS").
  - LiRN Inc. funding is proposed to increase by 5% to approximately \$10.1 million with most of the funding directed to the county libraries. An external review of library employee job descriptions and salary bands is a notable driving factor.
  - Funding to CANLII and FLS goes up by \$253,000 due to the increase in the proportion of full-fee equivalent lawyers for CANLII and a full-year impact of approved inflationary increases in the 2023-24 year for FLS.



# Key Budget Highlights

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## Restricted Funds and Contingency

- A contingency amount, intended for new policy and program decisions of Convocation or unexpected operational requirements, is set at \$1 million, which is consistent with the 2023 budget.
- Prior to re-opening the restaurant and/or catering operations, investment in essential restaurant capital infrastructure is estimated at a minimum \$2 million. With \$250,000 raised in 2022, an incremental \$1.75 million is required to fund the repairs, with potential for the amount to fluctuate depending on the proposed operating model. A newly constituted Restaurant Working Group will consider options for re-opening but with no identified path forward at this time, the 2024 capital budget does not include any costs related to this capital investment or funding through the Capital Allocation Fund.

# Key Budget Highlights

## Licensee Projections and Use of Fund Balances

- The number of full fee equivalent (FFE) lawyer licensees is projected to increase by 950 in 2024 to 48,700 which is comparable to historical average increases.
- FFE paralegals are projected to increase by 300 in 2024 to 7,300. After a period of slow growth in the number of paralegals, they have been steadily increasing since 2021.
- The budget plans for the use of fund balances in 2024 as indicated below:

Fund Name	2024 Draft Budget
Lawyer General Fund	\$9,500,000
Loan from Lawyer General Fund	5,675,000
Errors and Omissions Insurance Fund	1,200,000
Capital Allocation Fund	600,000
Paralegal General Fund	600,000
Special Projects Fund	518,000
<b>Total Use of Fund Balances</b>	<b>\$18,093,000</b>

Similar to past years, the budget plans for the transfer of \$1.2 million of accumulated investment income surplus to the needs of the E&O Fund to the Lawyer General Fund to fund operations. Of the \$9.5 million use of the Lawyer General Fund balance, \$3.5 million will be transferred to the Capital Allocation Fund for the Business and Technology Transformation initiative.

# 2

## Annual Fees



# Full Fee Equivalent Licensees

Annual fees for licensees are determined separately for lawyers and paralegals. Paralegals do not share in all the expenses of the Law Society nor benefit from all non-annual fee revenue. For example, paralegals do not contribute to the operations of LiRN Inc., nor do they share in the portion of surplus investment income transferred from the Errors & Omissions Insurance Fund as that fund is dedicated strictly to insurance related transactions among the lawyers, the Law Society and LAWPRO.

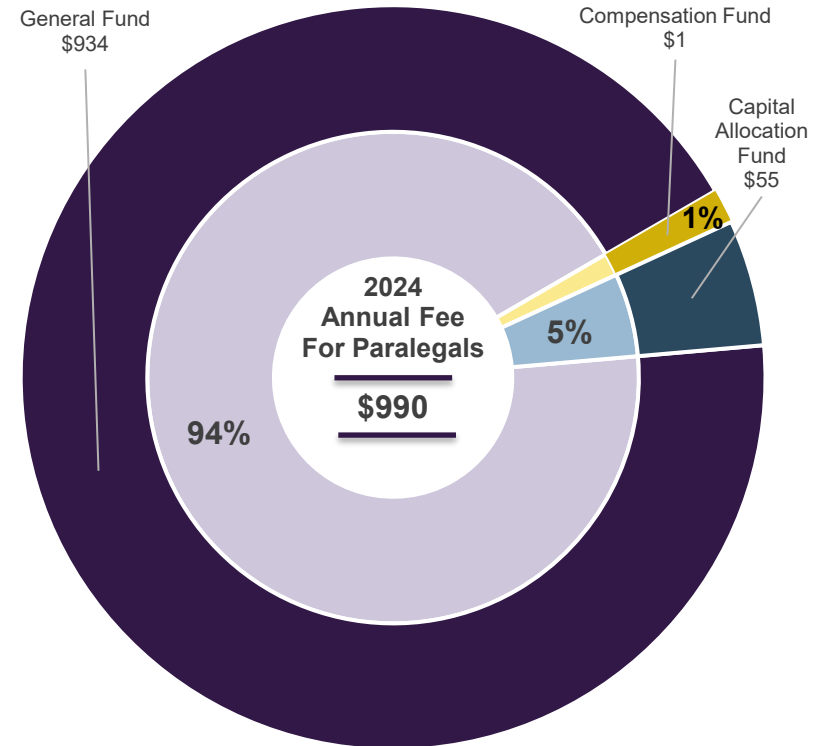
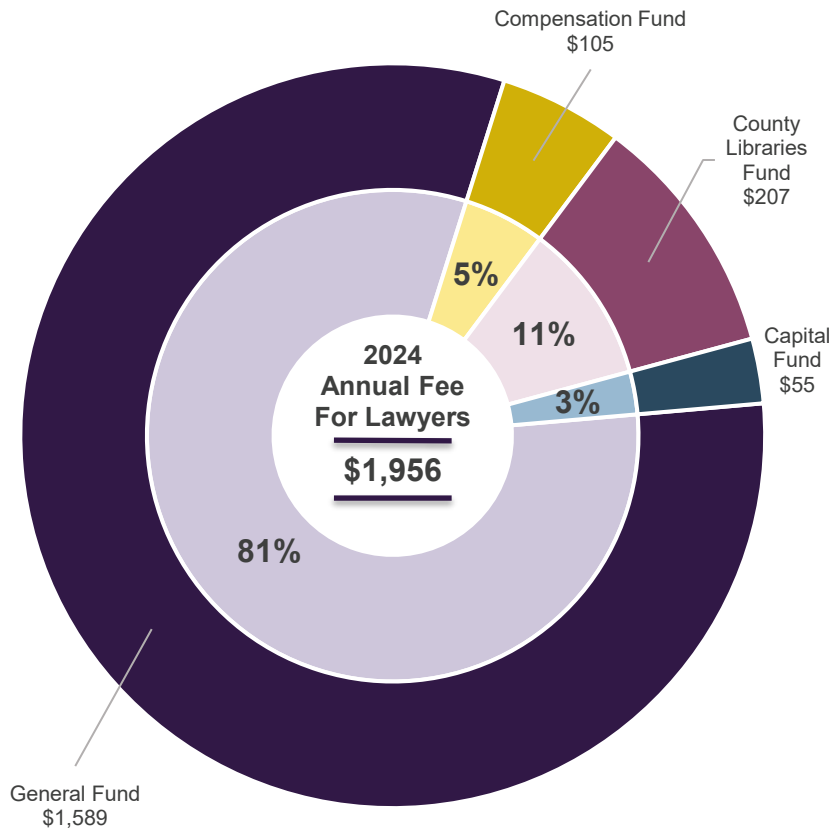
The Law Society utilizes a four-tiered fee structure, depending on the nature of the licensee's practising/employment status. Licensees practising law or providing legal services pay 100% of the relevant annual fee; those employed but not practising pay 50%; those retired, not working or on parental leave pay 25%; and those over the age of 65 and meeting established criteria pay 10%.

The number of licensees in each category are prorated to determine what the number of lawyers and paralegals would equate to at the 100% fee category. This is referred to in the budget materials as the number of full fee equivalent licensees (FFE).

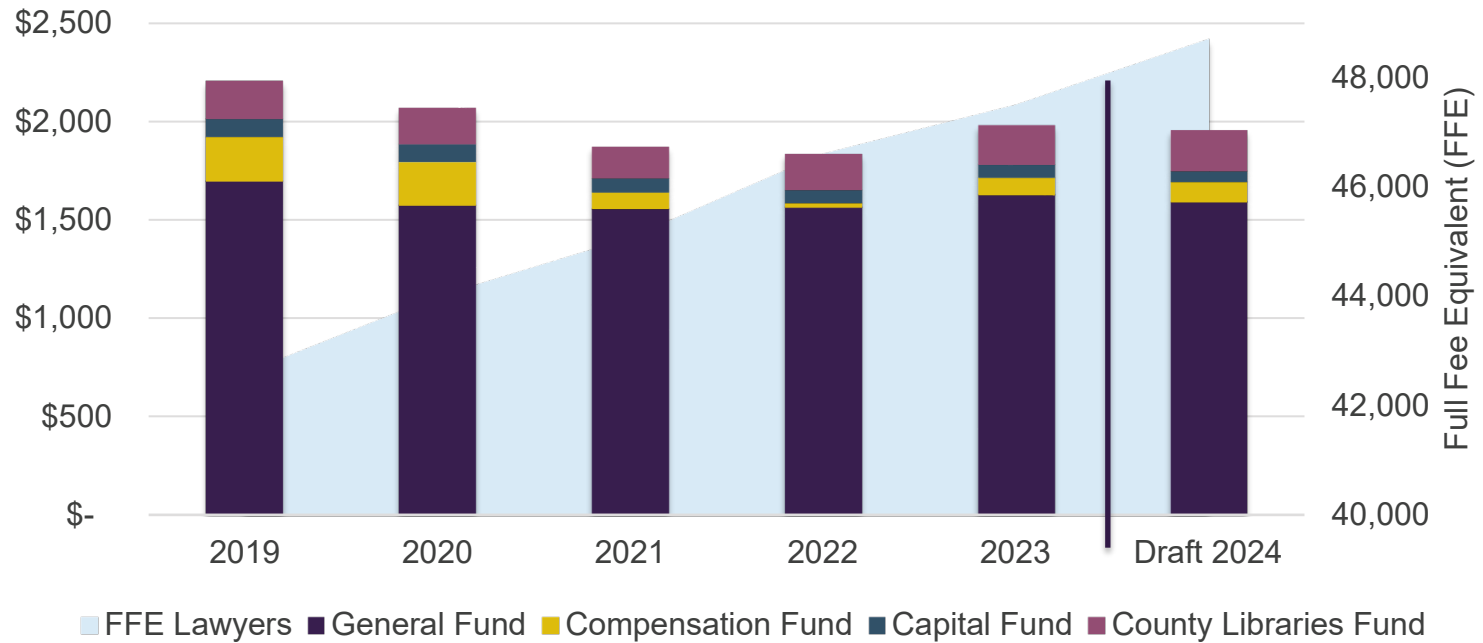
Lawyers – 2024		
Fee Category	Estimated Number	Full Fee Equivalent
100%	44,070	44,070
50%	6,480	3,240
25%	4,600	1,150
10%	2,400	240
<b>Total</b>	<b>57,550</b>	<b>48,700</b>

Paralegals - 2024		
Fee Category	Estimated Number	Full Fee Equivalent
100%	4,590	4,590
50%	4,340	2,170
25%	2,120	530
10%	100	10
<b>Total</b>	<b>11,150</b>	<b>7,300</b>

# 2024 Annual Fee

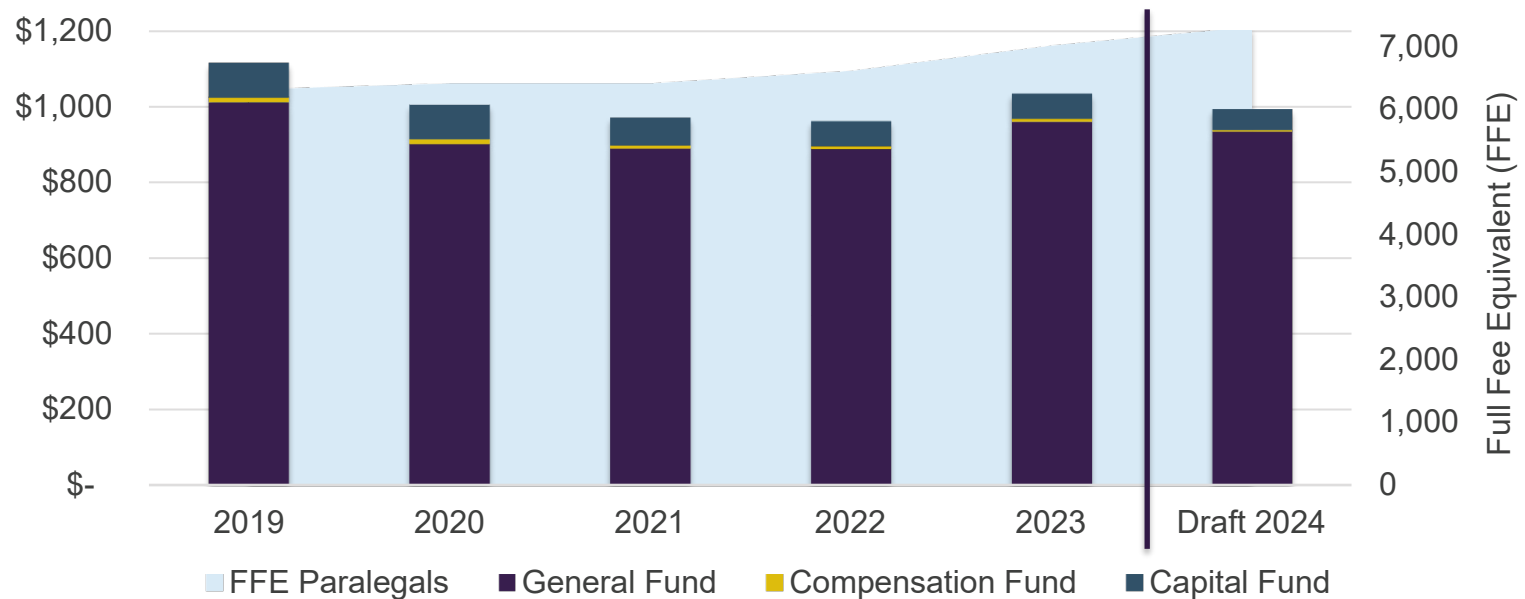


# Historical Annual Fees For Lawyers



Annual Fee Breakdown	2019	2020	2021	2022	2023	2024 Draft
General Fund	\$ 1,693	\$ 1,574	\$1,555	\$1,563	\$1,625	\$1,589
Compensation Fund	226	219	86	1	90	105
County Libraries Fund	191	182	159	183	200	207
Capital Allocation Fund	91	91	73	66	66	55
<b>Total Annual Fee</b>	<b>\$ 2,201</b>	<b>\$ 2,066</b>	<b>\$1,873</b>	<b>\$1,813</b>	<b>\$1,981</b>	<b>\$1,956</b>
FFE Lawyers	42,600	44,000	45,075	46,600	47,750	48,700

# Historical Annual Fees For Paralegals



Annual Fee Breakdown	2019	2020	2021	2022	2023	2024 Draft
General Fund	\$ 1,009	\$ 902	\$890	\$888	\$959	\$934
Compensation Fund	15	13	1	1	10	1
Capital Allocation Fund	91	91	73	66	66	55
<b>Total Annual Fee</b>	<b>\$ 1,115</b>	<b>\$ 1,006</b>	<b>\$964</b>	<b>\$955</b>	<b>\$1,035</b>	<b>\$990</b>
FFE Paralegals	6,300	6,400	6,400	6,600	7,000	7,300

# 3

## 2024 Budget at a Glance



# 2024 Budget Summary - Consolidated

	2024 Draft Budget				
	General Fund	Compensation Fund	Capital Allocation Fund	County Libraries Fund	Total Consolidated
Annual Fee Revenue	84,174,800	5,112,000	3,100,000	10,080,000	102,466,800
Licensing Process	16,699,400	-	-	-	16,699,400
CPD	7,671,700	-	-	-	7,671,700
Other Revenue	6,627,000	1,764,600	-	-	8,391,600
<b>Total Revenues</b>	<b>115,172,900</b>	<b>6,876,600</b>	<b>3,100,000</b>	<b>10,080,000</b>	<b>135,229,500</b>
Salaries and Benefits	74,718,700	629,100	-	-	75,347,800
Operating Expenses	3,175,500	21,500	-	-	3,197,000
Program Expenses	45,596,700	6,226,000	12,875,000	10,080,000	74,777,700
<b>Total Expenses</b>	<b>123,490,900</b>	<b>6,876,600</b>	<b>12,875,000</b>	<b>10,080,000</b>	<b>153,322,500</b>
<b>Excess of Expenses over Revenues</b>	<b>(8,318,000)</b>	<b>-</b>	<b>(9,775,000)</b>	<b>-</b>	<b>(18,093,000)</b>
Fund Balance - E&O Fund	1,200,000	-	-	-	1,200,000
Fund Balance - General Fund	6,600,000	-	3,500,000	-	10,100,000
Fund Balance - Compensation Fund	-	-	-	-	-
Fund Balance - Capital Allocation Fund	-	-	600,000	-	600,000
Fund Balance - Special Project Fund	518,000	-	-	-	518,000
Loan from Lawyer General Fund	-	-	5,675,000	-	5,675,000
<b>Total Use of Fund Balances</b>	<b>8,318,000</b>	<b>-</b>	<b>9,775,000</b>	<b>-</b>	<b>18,093,000</b>

	2023 Approved Budget				
	General Fund	Compensation Fund	Capital Allocation Fund	County Libraries Fund	Total Consolidated
Annual Fee Revenue	84,304,900	4,382,300	3,595,000	9,572,000	101,854,200
Licensing Process	15,655,600	-	-	-	15,655,600
CPD	7,471,700	-	-	-	7,471,700
Other Revenue	5,819,700	1,627,000	-	-	7,446,700
<b>Total Revenues</b>	<b>113,251,900</b>	<b>6,009,300</b>	<b>3,595,000</b>	<b>9,572,000</b>	<b>132,428,200</b>
Salaries and Benefits	72,087,900	615,700	-	-	72,703,600
Operating Expenses	3,642,000	21,700	-	-	3,663,700
Program Expenses	43,222,000	5,426,100	6,495,000	9,572,000	64,715,100
<b>Total Expenses</b>	<b>118,951,900</b>	<b>6,063,500</b>	<b>6,495,000</b>	<b>9,572,000</b>	<b>141,082,400</b>
<b>Excess of Expenses over Revenues</b>	<b>(5,700,000)</b>	<b>(54,200)</b>	<b>(2,900,000)</b>	<b>-</b>	<b>(8,654,200)</b>
Fund Balance - E&O Fund	1,200,000	-	-	-	1,200,000
Fund Balance - General Fund	4,500,000	-	-	-	4,500,000
Fund Balance - Compensation Fund	-	54,200	-	-	54,200
Fund Balance - Capital Allocation Fund	-	-	1,300,000	-	1,300,000
Fund Balance - Special Project Fund	-	-	-	-	-
Loan from Lawyer General Fund	-	-	1,600,000	-	1,600,000
<b>Total Use of Fund Balances</b>	<b>5,700,000</b>	<b>54,200</b>	<b>2,900,000</b>	<b>-</b>	<b>8,654,200</b>

# 2024 Budget Summary - Lawyers

	2024 Draft Budget					2023 Approved Budget				
	General Fund	Compensation Fund	Capital Allocation Fund	County Libraries Fund	Total Consolidated	General Fund	Compensation Fund	Capital Allocation Fund	County Libraries Fund	Total Consolidated
Annual Fee Revenue	77,360,200	5,104,700	2,697,000	10,080,000	95,241,900	77,595,200	4,312,300	3,135,800	9,572,000	94,615,300
Licensing Process	14,069,300	-	-	-	14,069,300	13,129,800	-	-	-	13,129,800
CPD	6,808,600	-	-	-	6,808,600	6,631,100	-	-	-	6,631,100
Other Revenue	5,940,100	1,680,500	-	-	7,620,600	5,188,400	1,545,700	-	-	6,734,100
<b>Total Revenues</b>	<b>104,178,200</b>	<b>6,785,200</b>	<b>2,697,000</b>	<b>10,080,000</b>	<b>123,740,400</b>	<b>102,544,500</b>	<b>5,858,000</b>	<b>3,135,800</b>	<b>9,572,000</b>	<b>121,110,300</b>
Salaries and Benefits	67,609,100	597,600	-	-	68,206,700	65,346,400	584,900	-	-	65,931,300
Operating Expenses	2,858,100	20,400	-	-	2,878,500	3,296,300	20,600	-	-	3,316,900
Program Expenses	41,115,100	6,167,200	11,200,000	10,080,000	68,562,300	39,101,800	5,252,500	5,664,600	9,572,000	59,590,900
<b>Total Expenses</b>	<b>111,582,300</b>	<b>6,785,200</b>	<b>11,200,000</b>	<b>10,080,000</b>	<b>139,647,500</b>	<b>107,744,500</b>	<b>5,858,000</b>	<b>5,664,600</b>	<b>9,572,000</b>	<b>128,839,100</b>
<b>Excess of Expenses over Revenues</b>	<b>(7,404,100)</b>	<b>-</b>	<b>(8,503,000)</b>	<b>-</b>	<b>(15,907,100)</b>	<b>(5,200,000)</b>	<b>-</b>	<b>(2,528,800)</b>	<b>-</b>	<b>(7,728,800)</b>
Fund Balance - E&O Fund	1,200,000	-	-	-	1,200,000	1,200,000	-	-	-	1,200,000
Fund Balance - General Fund	6,000,000	-	3,500,000	-	9,500,000	4,000,000	-	-	-	4,000,000
Fund Balance - Compensation Fund	-	-	-	-	-	-	-	-	-	-
Fund Balance - Capital Allocation Fund	-	-	522,000	-	522,000	-	-	1,133,800	-	1,133,800
Fund Balance - Special Project Fund	204,100	-	-	-	204,100	-	-	-	-	-
Loan from Lawyer General Fund	-	-	4,481,000	-	4,481,000	-	-	1,395,000	-	1,395,000
<b>Total Use of Fund Balances</b>	<b>7,404,100</b>	<b>-</b>	<b>8,503,000</b>	<b>-</b>	<b>15,907,100</b>	<b>5,200,000</b>	<b>-</b>	<b>2,528,800</b>	<b>-</b>	<b>7,728,800</b>

# 2024 Budget Summary - Paralegals

	2024 Draft Budget				2023 Approved Budget			
	General Fund	Compensation Fund	Capital Allocation Fund	Total Paralegals	General Fund	Compensation Fund	Capital Allocation Fund	Total Paralegals
Annual Fee Revenue	6,814,600	7,300	403,000	7,224,900	6,709,700	70,000	459,200	7,238,900
Licensing Process	2,630,100	-	-	2,630,100	2,525,800	-	-	2,525,800
CPD	863,100	-	-	863,100	840,600	-	-	840,600
Other Revenue	686,900	84,100	-	771,000	631,300	81,300	-	712,600
<b>Total Revenues</b>	<b>10,994,700</b>	<b>91,400</b>	<b>403,000</b>	<b>11,489,100</b>	<b>10,707,400</b>	<b>151,300</b>	<b>459,200</b>	<b>11,317,900</b>
Salaries and Benefits	7,109,600	31,500	-	7,141,100	6,741,500	30,800	-	6,772,300
Operating Expenses	317,400	1,100	-	318,500	345,700	1,100	-	346,800
Program Expenses	4,481,600	58,800	1,675,000	6,215,400	4,120,200	173,600	830,400	5,124,200
<b>Total Expenses</b>	<b>11,908,600</b>	<b>91,400</b>	<b>1,675,000</b>	<b>13,675,000</b>	<b>11,207,400</b>	<b>205,500</b>	<b>830,400</b>	<b>12,243,300</b>
<b>Excess of Expenses over Revenues</b>	<b>(913,900)</b>	<b>-</b>	<b>(1,272,000)</b>	<b>(2,185,900)</b>	<b>(500,000)</b>	<b>(54,200)</b>	<b>(371,200)</b>	<b>(925,400)</b>
Fund Balance - General Fund	600,000	-	-	600,000	500,000	-	-	500,000
Fund Balance - Compensation Fund	-	-	-	-	-	54,200	-	54,200
Fund Balance - Capital Allocation Fund	-	-	78,000	78,000	-	-	166,200	166,200
Fund Balance - Special Project Fund	313,900	-	-	313,900	-	-	-	-
Loan from Lawyer General Fund	-	-	1,194,000	1,194,000	-	-	205,000	205,000
<b>Total Use of Fund Balances</b>	<b>913,900</b>	<b>-</b>	<b>1,272,000</b>	<b>2,185,900</b>	<b>500,000</b>	<b>54,200</b>	<b>371,200</b>	<b>925,400</b>

# 4

## Funding the Budget

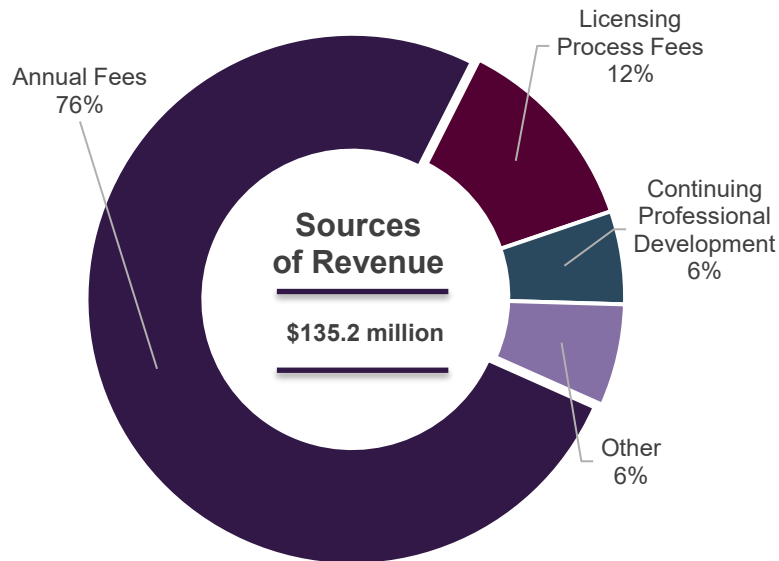
# How is the Budget Funded?

## Sources of Revenue

Annual fees account for approximately 76% of total revenue sources in 2024 (2023 – 77%)

Licensing Process fees represent the next significant component of revenue collected by the Law Society, making up approximately 12% (2023 – 12%) of Society revenues. Continuing professional development fees account for approximately 6% of total revenues (2023 – 6%).

The remaining 6% (2022 – 5%) of revenue is from a variety of sources including investment income, various cost recoveries, royalties, payment plan fees, ordered cost recoveries and additional licensee fees such as professional corporations and Law Society referral service.



## Annual Fees

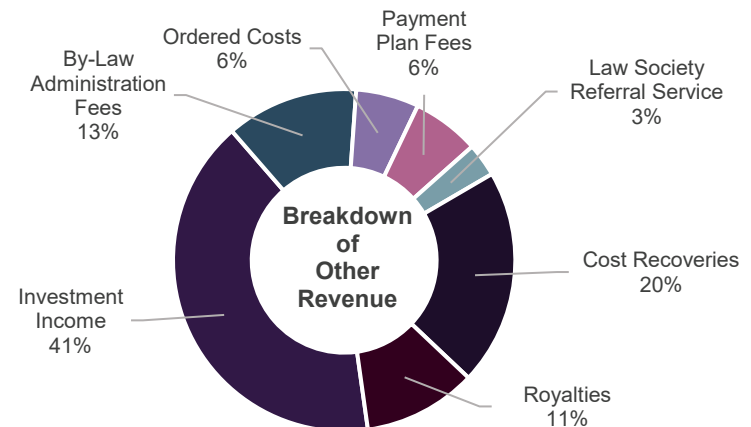
The annual fees represents the amount paid by lawyers and paralegals to support the operations of the Society. For 2024, the annual fee for lawyers is \$1,956 (2023 - \$1,981) and for paralegals is \$990 (2023 - \$1,035).

## Licensing Process Fees

Licensing Process fees are paid by licensing candidates enrolled in the lawyer licensing process or the paralegal licensing process. 2024 fees continue to reflect in-person delivery of licensing examinations. The total fee for lawyer licensing candidates is dependent upon whether a candidate chooses an administrative or ceremonial call to the Bar and is \$5,055 (2023 - \$5,055) or \$5,140 (2023 - \$5,140), respectively. The fee for paralegal licensing candidates is \$1,500 (2023 - \$1,500).

## Continuing Professional Development

Continuing professional development revenues are collected from lawyers, paralegals and others for attendance, in person, online or on demand at Law Society professional development programs.

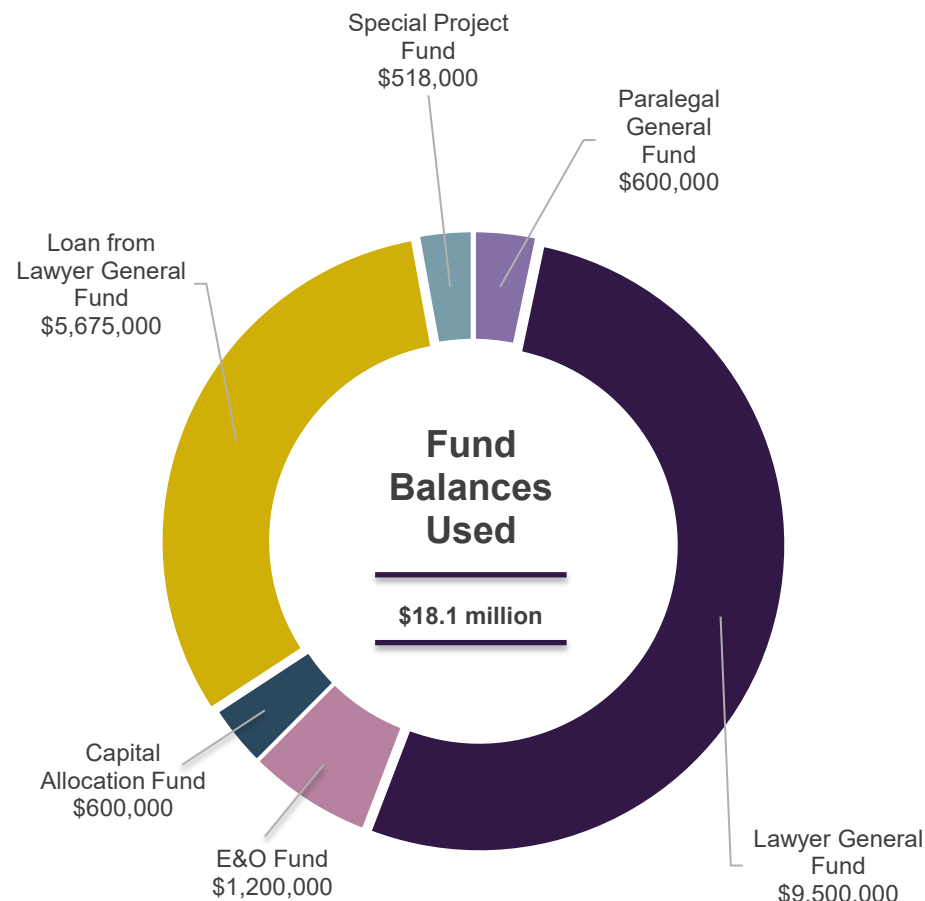


# Use of Fund Balances

The Law Society has fund balance management policies that prescribe the appropriate range of balances to be maintained in both the Lawyer General and Compensation Funds. When balances exceed the policy approved minimums, options are available to utilize a portion of the fund balance to mitigate annual fees. This is a best practice in not-for-profit budgeting.

The 2024 budget proposes using \$10.1 million of accumulated fund balances from the Lawyer and Paralegal General Funds, \$600,000 from the Capital Allocation Fund, \$1.2 million from the E&O Fund, and \$518,000 from Special Project Fund. In addition, the budget includes a \$5.7 million loan from the Lawyer General Fund to the Capital Allocation Fund to fund the balance of the Transformation with funds raised in future years through the lawyer and paralegal annual fees.

The use of fund balances is in compliance with the Law Society's Fund Balance Management Policy.



An interfund transfer of \$3.5 million from the Lawyer General Fund to the Capital Allocation Fund restricted for the Transformation has been reflected in Use of Fund Balances.

# Use of Fund Balances

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## **Business Technology Transformation Initiative (the “Transformation”)**

- In April 2022, Convocation approved the Law Society moving forward with the planning and implementation of the Transformation. The Transformation will redesign business processes and workflows that support all activities associated with a licensee, from applying as a candidate to retirement or resignation of their licence and will require the replacement of the Law Society’s core systems and applications. The result will be fully integrated services and modernized systems.
- The Transformation was initially planned to be a four-to-five-year initiative, beginning in 2022, with funding raised over this same time period. Through the planning and discovery phases with the retained System Integrator, the possibility of a shorter implementation timeframe was explored to mitigate costs and introduce the integrated services and efficiencies sooner. The first release of the Transformation was implemented in July 2023 with efforts now focused on completion in 2024, earlier than anticipated.
- The total cost to develop and complete the Transformation is estimated at \$22.3 million. These costs relate to the Systems Integrator, licenses and IT infrastructure, project and change management support, and backfill resources to support successful completion while maintaining operations to fulfil our regulatory mandate to licensees and the public.

# Use of Fund Balances

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## Transformation continued

- Of the estimated required funding of \$22.3 million, \$12.6 million is already within the Capital Allocation Fund, restricted for this purpose by Convocation. With Phase 1 of the Bencher Wing Preservation Project to be completed this year under budget, \$500,000 from savings in the unrestricted portion of the Capital Allocation Fund will be utilized to fund the Transformation. As a result, a further \$9.2 million needs to be raised based on the Transformation budget.
- The budget proposes the balance of funding for the Transformation come from:
  - the use of \$3.5 million in fund balance from the Lawyer General Fund with an interfund transfer to the Capital Allocation Fund
  - A loan of \$5.7 million from the Lawyer General Fund to the Capital Allocation Fund, with it repaid in future years through the Capital Allocation Fund component of the lawyer and paralegal annual fee. As the fund balance of the Lawyer General Fund is above the Fund Balance Policy benchmark and to mitigate raising further funds in 2024, which would notably increase licensee annual fees this year, a loan would facilitate realizing the benefits of an earlier implementation of the Transformation while raising the funds over the next few years.



# 5

## Operations by Division



# Governance & Policy

# Overview

## Governance & Policy

The Law Society is governed by a board of directors, known as benchers which includes lawyers, paralegals and appointed representatives (non-lawyers and non-paralegals). The Policy Division groups together a number of functions important to the corporate and governance interests of the Law Society, including policy, committee and Convocation support.

<b>Bencher - Convocation</b>	<b>Office of Treasurer</b>	<b>Policy</b>
<ul style="list-style-type: none"><li>• Benchers meet in Convocation to govern the affairs of the Law Society of Ontario.</li><li>• Benchers set policy and determine other matters related to the regulation of Ontario's lawyers and paralegals through committee work and in Convocation.</li><li>• At the Law Society Tribunal, benchers sit as adjudicators to hear matters concerning lawyer and paralegal conduct, competence and capacity.</li></ul>	<ul style="list-style-type: none"><li>• Under the Law Society Act, the Treasurer is the president and Chair of the Board of the Law Society.</li></ul>	<ul style="list-style-type: none"><li>• Supports committees and the Benchers as they make decisions governing the regulation of lawyers and paralegals in the public interest.</li><li>• Assists in strategic communications and consultation process.</li><li>• Manages the administration of most committees, working groups and task forces.</li><li>• Develops and implements equity policies and initiatives pertaining to the professions.</li><li>• Supports organizational alignment of new policies.</li></ul>

# Operating Budget Summary

Governance & Policy	2022 Actuals	2023 Projected Actuals	2023 Approved Budget	2024 Proposed Budget	% Change Year over Year Budget
<b>Governance &amp; Policy Total</b>					
Salaries and Benefits	1,933,500	1,848,200	2,416,800	2,515,800	
Operating Expenses	77,900	67,700	100,100	99,000	
Program Expenses	2,028,000	2,242,200	4,095,600	3,815,000	
<b>Total Expenses</b>	<b>4,039,400</b>	<b>4,158,100</b>	<b>6,612,500</b>	<b>6,429,800</b>	<b>-2.8%</b>
<b>Total Non-Annual Fee Revenues</b>	<b>254,300</b>	<b>250,000</b>	<b>220,000</b>	<b>220,000</b>	<b>0.0%</b>
<b>Excess of Revenues Over Expenses / (Expenses Over Revenues)</b>	<b>(3,785,100)</b>	<b>(3,908,100)</b>	<b>(6,392,500)</b>	<b>(6,209,800)</b>	
<b>Full Time Equivalent</b>			<b>12.0</b>	<b>13.0</b>	

## Items of Note

- 2023 projected actuals for salaries and benefits are lower than the 2023 and 2024 budgets due to the long recruitment time to fill vacant policy counsel roles. With the return of in-person meetings, functions and stakeholder events, the 2024 budget includes a position to plan and coordinate catering, meeting and event room set up and related functions.
- 2023 projected actuals for program expenses are lower than budget. The 2023 budget contemplated a return to all in-person activities. The continued use of hybrid and virtual modalities to hold meetings, hearings and functions has led to savings in 2023 in benchers remuneration, disbursements and functions. The 2024 budget is reduced based on the assumption of continued hybrid and virtual meetings, events and hearings.
- A \$1 million contingency intended for new policy and program decisions of Convocation or unexpected operational requirements continues to be budgeted. This contingency is not anticipated to be used in 2023 as reflected in the projected actuals.

# Operating Budget Details

Governance & Policy	2022 Actuals	2023 Projected Actuals	2023 Approved Budget	2024 Proposed Budget
<b>Bencher   Convocation</b>				
Salaries and Benefits	28,600	70,300	-	71,500
Operating Expenses	-	-	-	-
Program Expenses	1,220,000	1,300,700	2,916,200	2,697,200
<b>Total Expenses</b>	<b>1,248,600</b>	<b>1,371,000</b>	<b>2,916,200</b>	<b>2,768,700</b>
<b>Total Non-Annual Fee Revenues</b>	<b>254,300</b>	<b>250,000</b>	<b>220,000</b>	<b>220,000</b>
<b>Excess of Revenues Over Expenses / (Expenses Over Revenues)</b>	<b>(994,300)</b>	<b>(1,121,000)</b>	<b>(2,696,200)</b>	<b>(2,548,700)</b>
<b>Full Time Equivalent</b>			-	1.0
<b>Office of Treasurer</b>				
Salaries and Benefits	105,000	117,700	102,500	113,600
Operating Expenses	5,600	7,200	11,400	11,400
Program Expenses	413,100	462,100	499,600	503,000
<b>Total Expenses</b>	<b>523,700</b>	<b>587,000</b>	<b>613,500</b>	<b>628,000</b>
<b>Total Non-Annual Fee Revenues</b>	-	-	-	-
<b>Excess of Revenues Over Expenses / (Expenses Over Revenues)</b>	<b>(523,700)</b>	<b>(587,000)</b>	<b>(613,500)</b>	<b>(628,000)</b>
<b>Full Time Equivalent</b>			1.0	1.0
<b>Policy</b>				
Salaries and Benefits	1,799,900	1,660,200	2,314,300	2,330,700
Operating Expenses	72,300	60,500	88,700	87,600
Program Expenses	394,900	479,400	679,800	614,800
<b>Total Expenses</b>	<b>2,267,100</b>	<b>2,200,100</b>	<b>3,082,800</b>	<b>3,033,100</b>
<b>Total Non-Annual Fee Revenues</b>	-	-	-	-
<b>Excess of Revenues Over Expenses / (Expenses Over Revenues)</b>	<b>(2,267,100)</b>	<b>(2,200,100)</b>	<b>(3,082,800)</b>	<b>(3,033,100)</b>
<b>Full Time Equivalent</b>			11.0	11.0

# Funding of Other Organizations

# Overview

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## Funding of Other Organizations

The 2024 budget continues to include funding to other affiliated or related organizations.

Federation of Law Societies of Canada (FLS)	Canadian Legal Information Institute (CanLII)	LiRN Inc.
<ul style="list-style-type: none"><li>• The national coordinating body of Canada's 14 provincial and territorial law societies.</li><li>• FLS supports the development of national standards of regulation.</li></ul>	<ul style="list-style-type: none"><li>• CanLII is a not-for-profit organization launched in 2001 by the FLS on behalf of its 14 member law societies to provide efficient and open online access to a comprehensive collection of current judicial decisions, legislative documents and secondary resources.</li></ul>	<ul style="list-style-type: none"><li>• LiRN Inc., a wholly-owned, not-for-profit subsidiary of the Law Society of Ontario, was established to develop policies, procedures, guidelines and standards for the delivery of legal information and library services across Ontario and to administer funding on behalf of the Law Society.</li></ul>

# Overview

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## Funding of Other Organizations

The 2024 budget continues to include funding of other organizations.

Law Commission of Ontario	Pro Bono Ontario	Federation of Ontario Law Associations (FOLA)
<ul style="list-style-type: none"><li>The Law Commission of Ontario is an independent organization that researches issues and recommends law reform measures to make the law accessible to all members of Ontario's communities.</li></ul>	<ul style="list-style-type: none"><li>Pro Bono Ontario helps Ontarians who have essential legal needs but cannot afford a lawyer.</li></ul>	<ul style="list-style-type: none"><li>FOLA is a non-profit organization that coordinates activities for county law associations.</li><li>Advocates for a better justice system that recognizes the crucial role competent and professional lawyers play in that system.</li></ul>



# Operating Budget Summary

Funding of Other Organizations	2022 Actuals	2023 Projected Actuals	2023 Approved Budget	2024 Proposed Budget	% Change Year over Year Budget
<b>Funding of Other Organizations Total</b>					
Program Expenses	12,522,000	13,031,500	13,079,300	13,840,000	
<b>Total Expenses</b>	<b>12,522,000</b>	<b>13,031,500</b>	<b>13,079,300</b>	<b>13,840,000</b>	<b>5.8%</b>
<b>Excess of Revenues Over Expenses / (Expenses Over Revenues)</b>	<b>(12,522,000)</b>	<b>(13,031,500)</b>	<b>(13,079,300)</b>	<b>(13,840,000)</b>	

## Items of Note

- The 2023 projected actuals are in line with the 2023 approved budget.
- The 2024 budget includes an overall increase in funding of other organizations driven primarily by increased funding to LiRN Inc. of \$508,000 to maintain the suite of electronic resources accessible to lawyers for free in courthouse libraries and increased grants to the county libraries for operating costs.

# Operating Budget Details

Funding of Other Organizations	2022 Actuals	2023 Projected Actuals	2023 Approved Budget	2024 Proposed Budget
<b>Federation of Law Societies of Canada (FLS)</b>				
Program Expenses	1,095,000	1,216,200	1,169,000	1,358,000
<b>Total Expenses</b>	<b>1,095,000</b>	<b>1,216,200</b>	<b>1,169,000</b>	<b>1,358,000</b>
<b>Excess of Revenues Over Expenses / (Expenses Over Revenues)</b>	<b>(1,095,000)</b>	<b>(1,216,200)</b>	<b>(1,169,000)</b>	<b>(1,358,000)</b>
<b>Canadian Legal Information Institute (CanLII)</b>				
Program Expenses	1,807,100	1,880,900	1,880,900	1,944,600
<b>Total Expenses</b>	<b>1,807,100</b>	<b>1,880,900</b>	<b>1,880,900</b>	<b>1,944,600</b>
<b>Excess of Revenues Over Expenses / (Expenses Over Revenues)</b>	<b>(1,807,100)</b>	<b>(1,880,900)</b>	<b>(1,880,900)</b>	<b>(1,944,600)</b>
<b>LiRN Inc.</b>				
Program Expenses	9,270,600	9,572,000	9,572,000	10,080,000
<b>Total Expenses</b>	<b>9,270,600</b>	<b>9,572,000</b>	<b>9,572,000</b>	<b>10,080,000</b>
<b>Excess of Revenues Over Expenses / (Expenses Over Revenues)</b>	<b>(9,270,600)</b>	<b>(9,572,000)</b>	<b>(9,572,000)</b>	<b>(10,080,000)</b>
<b>Law Commission of Ontario</b>				
Program Expenses	157,000	160,000	160,000	160,000
<b>Total Expenses</b>	<b>157,000</b>	<b>160,000</b>	<b>160,000</b>	<b>160,000</b>
<b>Excess of Revenues Over Expenses / (Expenses Over Revenues)</b>	<b>(157,000)</b>	<b>(160,000)</b>	<b>(160,000)</b>	<b>(160,000)</b>
<b>Pro Bono Ontario</b>				
Program Expenses	50,000	50,000	50,000	50,000
<b>Total Expenses</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>
<b>Excess of Revenues Over Expenses / (Expenses Over Revenues)</b>	<b>(50,000)</b>	<b>(50,000)</b>	<b>(50,000)</b>	<b>(50,000)</b>
<b>Federation of Ontario Law Associations (FOLA)</b>				
Program Expenses	142,300	152,400	247,400	247,400
<b>Total Expenses</b>	<b>142,300</b>	<b>152,400</b>	<b>247,400</b>	<b>247,400</b>
<b>Excess of Revenues Over Expenses / (Expenses Over Revenues)</b>	<b>(142,300)</b>	<b>(152,400)</b>	<b>(247,400)</b>	<b>(247,400)</b>

# Professional Development & Competence



# Overview

## Professional Development & Competence

Professional Development and Competence (PD&C) focuses on the competency and professional standards of the professions through the licensing processes, provision of legal information and supports, competence resources and education programs, and post-licensing quality assurance programs.

<b>Executive Director's Office - Practice Supports &amp; Resources</b>	<b>Licensing &amp; Accreditation</b>	<b>Continuing Professional Development</b>
<ul style="list-style-type: none"><li>• Provides professionalism and practice management guidance in response to over 10,000 licensee inquiries per year through the Practice Management Helpline.</li><li>• Offers over 200 Law Society of Ontario professionalism and practice management resources, including: guides, checklists, precedents and other tools.</li><li>• Supports licensees with implementation of best practices and skill development support, as well as substantive and procedural law guidance through the member volunteers of the Coach and Advisor Network.</li><li>• Supports the Law Society's Continuing Professional Development (CPD) requirement by managing the Accreditation of Professionalism Content for programs and alternate educational activities. This CPD Accreditation function also includes the administration of the Accredited Provider Framework.</li></ul>	<ul style="list-style-type: none"><li>• Implements transparent, objective, impartial, and fair, registration practices, and ensures standardized and defensible systems of assessment for entry-level competence.</li><li>• Administers the LSO's licensing processes for the legal professions, including registration services, the development and delivery of licensing examinations and study materials, the delivery of the experiential training program for lawyers, and the licensure of lawyers and paralegals.</li><li>• Registers approximately 2,800 new lawyer candidates and 1,400 new paralegal candidates in LSO's licensing process annually.</li><li>• Supports approximately 6,000 lawyer candidates and 2,700 paralegal candidates in the licensing process annually.</li><li>• Licenses approximately 2,500 lawyers and 1,000 paralegals each year.</li><li>• Accredits and audits college paralegal education programs.</li><li>• Implements the framework and processes to support the Family Legal Services Provider credentials.</li></ul>	<ul style="list-style-type: none"><li>• Delivers educational programming for the legal professions on a wide variety of substantive and professionalism topics, in various formats (live, live replay, on-demand, E-course, audio only).</li><li>• Coordinates the development and presentation of over 90 original live programs and over 65 live replays per year. The programs range from 1 hour in length to up to 2 days (Summit).</li><li>• Provides additional education to specific groups within the membership, to advance policy initiatives, such as Bridge to Practice for lawyers and for paralegals.</li></ul>

# Overview

## Professional Development & Competence

Professional Development and Competence (PD&C) focuses on the competency and professional standards of the professions through the licensing processes, provision of legal information and supports, competence resources and education programs, and post-licensing quality assurance programs.

<b>Practice Review Spot Audit Practice Audit</b>	<b>Great Library Corporate Records &amp; Archives</b>	<b>Access to Innovation</b>
<ul style="list-style-type: none"><li>• Conducts Spot Audits to assess a law firm's compliance with the Law Society's financial record keeping requirements. Conducts Practice Audits of paralegals, which is a combined compliance assessment of certain financial record keeping requirements and practice management review to assess if they are meeting standards of professional competence.</li><li>• Conducts Practice Management Reviews of lawyers who were called to the Bar within the past eight years to assess if they are meeting standards of professional competence. Conducts Practice Management Reviews of lawyers who re-enter private practice after an absence of 48 months over the past five years.</li><li>• Conducts Focused Practice Reviews of lawyers and Practice Audits of paralegals who have been referred to the Practice Audits Department from one of the Law Society's regulatory units or who have been ordered to participate in a Practice Management Review as part of a Law Society Tribunal ruling to assess if they are meeting standards of professional competence.</li></ul>	<ul style="list-style-type: none"><li>• Supports the legal research and information needs of licensees and articling students through a significant print collection, and increasingly through electronic resources, and responds to over 20,000 legal research and information requests each year.</li><li>• Administers AccessCLE, LSO's full-text, searchable CPD program materials website which receives more than 120,000 visits each year.</li><li>• Organizes and provides access to the Great Library's and LIRN libraries' over 90,000 legal materials through its Library Automation System.</li><li>• Offers online and in-person legislative research refresher sessions and library orientation tours to ensure licensees and articling students stay current with legal research practice.</li><li>• Creates content for our licensees to help them maintain their competence and help the public locate reliable legal information through two times award-winning KnowHow blog and Great Library Research Guides, our information sharing system.</li><li>• Manages the Law Society's large and complex document collection, including the organization's official corporate records and artifacts of historical significance to Ontario's legal professions.</li></ul>	<ul style="list-style-type: none"><li>• Facilitates access to justice and enhances professional competence by providing a safe space for the development of innovative technological legal services (ITLS).</li><li>• Protects the public by providing ITLS consumers with the same type of safeguards available to clients of lawyers and paralegals (competent and ethical services, recourse when required, and the provision of relevant details enabling informed choices to be made about the providers of the services).</li><li>• Informs the LSO's longer-term decision-making about ITLS regulation.</li></ul>

# Operating Budget Summary

Professional Development & Competence	2022 Actuals	2023 Projected Actuals	2023 Approved Budget	2024 Proposed Budget	% Change Year over Year Budget
<b>Professional Development &amp; Competence Total</b>					
Salaries and Benefits	16,712,200	17,851,600	18,393,300	19,224,200	
Operating Expenses	535,000	646,200	937,700	860,700	
Program Expenses	14,056,200	14,187,800	13,748,200	15,091,000	
<b>Total Expenses</b>	<b>31,303,400</b>	<b>32,685,600</b>	<b>33,079,200</b>	<b>35,175,900</b>	<b>6.3%</b>
<b>Total Non-Annual Fee Revenues</b>	<b>22,745,700</b>	<b>24,294,500</b>	<b>23,376,700</b>	<b>24,520,500</b>	<b>4.9%</b>
<b>Excess of Revenues Over Expenses / (Expenses Over Revenues)</b>	<b>(8,557,700)</b>	<b>(8,391,100)</b>	<b>(9,702,500)</b>	<b>(10,655,400)</b>	
<b>Full Time Equivalent</b>			<b>154.5</b>	<b>155.5</b>	

## Items of Note

- One FTE position is added to support the FLSP credentialing program as approved by Convocation in December 2022. The increase is reflected in the Licensing and Accreditation departmental budget summary.
- There is a decrease in Spot Audit and Practice Audit operating expenses as audits will continue to be performed using a hybrid model. The 2023 budget planned for a greater return to in-person engagements. Optimizing the hybrid model results in a corresponding decrease in travel costs.
- There is an increase in overall Licensing & Accreditation program expenses driven by a higher-than-anticipated number of licensing candidates seeking accommodation and rising venue rental costs for in-person licensing examinations.
- The budget includes development and implementation costs related to the new Practice Essentials Course, including French translation costs, and the development of the FLSP credentialing program.
- Licensing & Accreditation revenues increase by \$1 million from the 2023 budget as a result of an increase in the number of licensing candidates and 2024 being the first full year with candidates paying increased fees as approved in the 2023 budget. CPD projected revenues in 2023 are estimated to be \$300,000 higher than the 2023 budget; the 2024 budget incorporates an overall increase of \$200,000 in revenues from live and on-demand program registrations.

# Operating Budget Details

Professional Development & Competence	2022 Actuals	2023 Projected Actuals	2023 Approved Budget	2024 Proposed Budget
<b>Executive Director's Office   Practice Supports &amp; Resources</b>				
Salaries and Benefits	2,633,700	2,612,200	2,754,800	2,853,800
Operating Expenses	91,100	100,500	129,800	127,800
Program Expenses	310,300	101,500	185,000	145,000
<b>Total Expenses</b>	<b>3,035,100</b>	<b>2,814,200</b>	<b>3,069,600</b>	<b>3,126,600</b>
<b>Total Non-Annual Fee Revenues</b>	-	-	-	-
<b>Excess of Revenues Over Expenses / (Expenses Over Revenues)</b>	<b>(3,035,100)</b>	<b>(2,814,200)</b>	<b>(3,069,600)</b>	<b>(3,126,600)</b>
<b>Full Time Equivalent</b>			<b>19.0</b>	<b>19.0</b>
<b>Licensing &amp; Accreditation</b>				
Salaries and Benefits	3,897,900	4,124,500	4,104,500	4,298,800
Operating Expenses	146,300	169,000	174,100	178,600
Program Expenses	10,429,200	10,422,500	9,590,000	10,671,200
<b>Total Expenses</b>	<b>14,473,400</b>	<b>14,716,000</b>	<b>13,868,600</b>	<b>15,148,600</b>
<b>Total Non-Annual Fee Revenues</b>	<b>14,832,000</b>	<b>16,290,200</b>	<b>15,655,600</b>	<b>16,699,400</b>
<b>Excess of Revenues Over Expenses / (Expenses Over Revenues)</b>	<b>358,600</b>	<b>1,574,200</b>	<b>1,787,000</b>	<b>1,550,800</b>
<b>Full Time Equivalent</b>			<b>40.0</b>	<b>41.0</b>
<b>Continuing Professional Development</b>				
Salaries and Benefits	2,301,100	2,652,300	2,643,100	2,881,600
Operating Expenses	87,000	114,000	101,900	105,400
Program Expenses	1,061,600	1,284,200	1,574,000	1,805,700
<b>Total Expenses</b>	<b>3,449,700</b>	<b>4,050,500</b>	<b>4,319,000</b>	<b>4,792,700</b>
<b>Total Non-Annual Fee Revenues</b>	<b>7,707,600</b>	<b>7,807,600</b>	<b>7,471,700</b>	<b>7,671,700</b>
<b>Excess of Revenues Over Expenses / (Expenses Over Revenues)</b>	<b>4,257,900</b>	<b>3,757,100</b>	<b>3,152,700</b>	<b>2,879,000</b>
<b>Full Time Equivalent</b>			<b>27.0</b>	<b>27.0</b>

# Operating Budget Details

Professional Development & Competence	2022 Actuals	2023 Projected Actuals	2023 Approved Budget	2024 Proposed Budget
<b>Practice Review   Spot Audit   Practice Audit</b>				
Salaries and Benefits	6,115,500	6,536,400	6,869,300	7,059,200
Operating Expenses	169,900	199,300	444,000	361,000
Program Expenses	18,800	14,100	12,600	12,600
<b>Total Expenses</b>	<b>6,304,200</b>	<b>6,749,800</b>	<b>7,325,900</b>	<b>7,432,800</b>
<b>Total Non-Annual Fee Revenues</b>	<b>10,800</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess of Revenues Over Expenses / (Expenses Over Revenues)</b>	<b>(6,293,400)</b>	<b>(6,749,800)</b>	<b>(7,325,900)</b>	<b>(7,432,800)</b>
<b>Full Time Equivalent</b>			<b>49.0</b>	<b>49.0</b>
<b>Great Library   Corporate Records &amp; Archives</b>				
Salaries and Benefits	1,499,300	1,649,500	1,747,800	1,856,000
Operating Expenses	38,600	43,500	56,200	56,200
Program Expenses	2,174,500	2,245,500	2,216,600	2,301,500
<b>Total Expenses</b>	<b>3,712,400</b>	<b>3,938,500</b>	<b>4,020,600</b>	<b>4,213,700</b>
<b>Total Non-Annual Fee Revenues</b>	<b>145,300</b>	<b>146,700</b>	<b>149,400</b>	<b>149,400</b>
<b>Excess of Revenues Over Expenses / (Expenses Over Revenues)</b>	<b>(3,567,100)</b>	<b>(3,791,800)</b>	<b>(3,871,200)</b>	<b>(4,064,300)</b>
<b>Full Time Equivalent</b>			<b>17.5</b>	<b>17.5</b>
<b>Access to Innovation</b>				
Salaries and Benefits	264,700	276,700	273,800	274,800
Operating Expenses	2,100	19,900	31,700	31,700
Program Expenses	61,800	120,000	170,000	155,000
<b>Total Expenses</b>	<b>328,600</b>	<b>416,600</b>	<b>475,500</b>	<b>461,500</b>
<b>Total Non-Annual Fee Revenues</b>	<b>50,000</b>	<b>50,000</b>	<b>100,000</b>	<b>-</b>
<b>Excess of Revenues Over Expenses / (Expenses Over Revenues)</b>	<b>(278,600)</b>	<b>(366,600)</b>	<b>(375,500)</b>	<b>(461,500)</b>
<b>Full Time Equivalent</b>			<b>2.0</b>	<b>2.0</b>



# Professional Regulation & Tribunal

# Overview

## Professional Regulation & Tribunal

Professional Regulation responds to regulatory issues brought to the Law Society’s attention by resolving and investigating matters and representing the Law Society in hearings before the Law Society Tribunal. Primary activities of Professional Regulation include complaints handling, investigations, discipline prosecutions, monitoring and enforcement of orders and undertakings, trusteeships, and client compensation.

Executive Director’s Office	Intake & Resolution - Complaints Resolution Commissioner	By-Law Administration Services - Regulatory Compliance	Investigation Services
<ul style="list-style-type: none"> <li>Oversees all departments and functions within Professional Regulation.</li> <li>Manages communications with other divisions of the Law Society and external parties, and the development of policy and rule amendment proposals.</li> <li>Supports bench work on strategic initiatives in regulation.</li> </ul>	<ul style="list-style-type: none"> <li>Receives and acknowledges complaints-related correspondence, assessing whether a complaint is within Law Society jurisdiction and, if so, assesses risk and collects information from the complainant and licensee, as required. Intake &amp; Resolution either completes the review and closes the complaint or transfers the complaint to Investigation Services.</li> <li>Conducts an independent review of the Law Society’s consideration of a complaint and its resulting decision to close a complaint file.</li> </ul>	<ul style="list-style-type: none"> <li>Administers by-law driven processes, including annual report, professional corporations; applications for surrender and exemption, and the status change follow up process; oversees the administrative suspension and revocation processes.</li> <li>Monitors and enforces undertakings and orders, and communicates practice restrictions, discipline histories and other regulatory information internally and to the public.</li> </ul>	<ul style="list-style-type: none"> <li>Investigates serious allegations of licensee misconduct, incapacity and incompetence.</li> <li>Investigates issues relating to the good character of licensee applicants and the unauthorized provision of legal services by non-licensees.</li> <li>Resolves and closes files, or refers files to the Proceedings Authorization Committee (PAC) for summary hearings or remedial outcomes, or transfers files to Litigation Services.</li> </ul>

# Overview

## Professional Regulation & Tribunal

Professional Regulation responds to regulatory issues brought to the Law Society's attention by resolving and investigating matters and representing the Law Society in hearings before the Law Society Tribunal. Primary activities of Professional Regulation include complaints handling, investigations, discipline prosecutions, monitoring and enforcement of orders and undertakings, trusteeships, and client compensation.

Case & Data Management	Litigation Services & Trustee Services	Compensation Fund	Law Society Tribunal
<ul style="list-style-type: none"><li>• Develops qualitative analysis and recommendations regarding file handling, issue management, work process and procedural improvements.</li><li>• Develops reporting structures and the examination and evaluation of reporting requirements.</li><li>• Oversees production flow, quality control and adherence to legal procedures regarding electronic evidence seizure, handling.</li><li>• Oversees storage of digital and physical evidence obtained during an investigation.</li></ul>	<ul style="list-style-type: none"><li>• Refers matters to PAC and handles regulatory prosecutions for the Law Society, primarily before the Law Society Tribunal (Hearing and Appeal Division) but also before the courts in Ontario (for the purposes of appeals and judicial reviews).</li><li>• Oversees the interests and property of the clients of licensees who have ceased practicing, often through the use of court-ordered trusteeships or custodianship agreed to by the licensee, and administers the Trust Fund established by the Provincial Government to hold unclaimed monies from the trust accounts of Ontario licensees.</li></ul>	<ul style="list-style-type: none"><li>• Handles inquiries and processes claims by clients who have lost money as a result of the dishonesty of a licensee. The current maximum amounts payable to a claimant in respect of lawyer or paralegal dishonesty are \$500,000 and \$10,000, respectively.</li></ul>	<ul style="list-style-type: none"><li>• Processes, hears and decides regulatory cases about Ontario lawyers, paralegals and applicants for licensing in a manner that is impartial, fair, just and in the public interest.</li></ul>

# Operating Budget Summary

Professional Regulation & Tribunal	2022 Actuals	2023 Projected Actuals	2023 Approved Budget	2024 Proposed Budget	% Change Year over Year Budget
<b>Professional Regulation &amp; Tribunal Total</b>					
Salaries and Benefits	27,374,800	29,163,700	28,883,300	30,463,300	
Operating Expenses	720,200	867,500	1,524,800	1,207,300	
Program Expenses	11,564,600	8,270,500	9,251,700	9,686,500	
<b>Total Expenses</b>	<b>39,659,600</b>	<b>38,301,700</b>	<b>39,659,800</b>	<b>41,357,100</b>	<b>4.3%</b>
<b>Total Non-Annual Fee Revenues</b>	<b>377,500</b>	<b>4,278,000</b>	<b>2,632,000</b>	<b>2,889,600</b>	<b>9.8%</b>
<b>Excess of Revenues Over Expenses / (Expenses Over Revenues)</b>	<b>(39,282,100)</b>	<b>(34,023,700)</b>	<b>(37,027,800)</b>	<b>(38,467,500)</b>	
<b>Full Time Equivalent</b>			<b>209.5</b>	<b>214.0</b>	

## Items of Note

- There is an increase of 4.5 FTE positions in the 2024 budget. This increase is offset by a decrease of 4 positions in the Client Service Centre that were transferred to Intake & Resolution resulting from a realignment of the complaints process. A part-time counsel role has been converted to full-time to support an increase in the number of incoming files in the Office of the Complaints Resolution Commissioner.
- Operating expenses within Investigation Services and Litigation Services decrease as document retention and reproduction costs decline with more documents retained electronically and reduced office costs with continued hybrid work arrangements.
- The increase in the 2024 budgeted program expenses is mainly driven by a \$900,000 increase in the provision for unpaid grant expense related to the lawyer pool of the Compensation Fund. The 2024 budget for the provision is informed by an actuarial updated stochastic model. This was partially offset by reductions in external counsel and outsourced services budgets.
- The 2023 revenue projections include unbudgeted unrealized investment gains and increased investment income of approximately \$1.6 million related to the Compensation Fund. The 2024 budget incorporates an increase in investment income of \$200,000 to reflect the portion attributable to an increase in interest rates.

# Operating Budget Details

Professional Regulation & Tribunal	2022 Actuals	2023 Projected Actuals	2023 Approved Budget	2024 Proposed Budget
<b>Executive Director's Office - Professional Regulation</b>				
Salaries and Benefits	1,658,400	1,470,800	1,492,200	1,558,700
Operating Expenses	44,100	138,100	182,600	166,900
Program Expenses	1,521,100	1,289,900	1,704,800	1,492,000
<b>Total Expenses</b>	<b>3,223,600</b>	<b>2,898,800</b>	<b>3,379,600</b>	<b>3,217,600</b>
<b>Total Non-Annual Fee Revenues</b>	-	-	-	-
<b>Excess of Revenues Over Expenses / (Expenses Over Revenues)</b>	<b>(3,223,600)</b>	<b>(2,898,800)</b>	<b>(3,379,600)</b>	<b>(3,217,600)</b>
<b>Full Time Equivalent</b>			<b>8.0</b>	<b>8.0</b>
<b>Intake &amp; Resolution   Complaints Resolution Commissioner</b>				
Salaries and Benefits	3,799,300	4,274,300	3,954,000	4,655,700
Operating Expenses	91,500	95,800	123,600	121,000
Program Expenses	139,000	138,800	159,500	159,500
<b>Total Expenses</b>	<b>4,029,800</b>	<b>4,508,900</b>	<b>4,237,100</b>	<b>4,936,200</b>
<b>Total Non-Annual Fee Revenues</b>	-	-	-	-
<b>Excess of Revenues Over Expenses / (Expenses Over Revenues)</b>	<b>(4,029,800)</b>	<b>(4,508,900)</b>	<b>(4,237,100)</b>	<b>(4,936,200)</b>
<b>Full Time Equivalent</b>			<b>28.5</b>	<b>33.0</b>
<b>Regulatory Compliance   By-Law Administration Services</b>				
Salaries and Benefits	1,955,600	1,968,500	1,948,400	2,009,900
Operating Expenses	69,000	67,800	129,500	108,700
Program Expenses	42,800	29,800	49,900	47,500
<b>Total Expenses</b>	<b>2,067,400</b>	<b>2,066,100</b>	<b>2,127,800</b>	<b>2,166,100</b>
<b>Total Non-Annual Fee Revenues</b>	<b>1,001,900</b>	<b>1,059,900</b>	<b>995,000</b>	<b>1,050,000</b>
<b>Excess of Revenues Over Expenses / (Expenses Over Revenues)</b>	<b>(1,065,500)</b>	<b>(1,006,200)</b>	<b>(1,132,800)</b>	<b>(1,116,100)</b>
<b>Full Time Equivalent</b>			<b>19.0</b>	<b>19.0</b>

# Operating Budget Details

Professional Regulation & Tribunal	2022 Actuals	2023 Projected Actuals	2023 Approved Budget	2024 Proposed Budget
<b>Investigation Services</b>				
Salaries and Benefits	9,186,200	9,954,600	9,757,100	10,027,200
Operating Expenses	273,300	322,100	575,500	406,200
Program Expenses	223,500	226,400	251,700	251,700
<b>Total Expenses</b>	<b>9,683,000</b>	<b>10,503,100</b>	<b>10,584,300</b>	<b>10,685,100</b>
<b>Total Non-Annual Fee Revenues</b>	-	-	-	-
<b>Excess of Revenues Over Expenses / (Expenses Over Revenues)</b>	<b>(9,683,000)</b>	<b>(10,503,100)</b>	<b>(10,584,300)</b>	<b>(10,685,100)</b>
<b>Full Time Equivalent</b>			<b>72.5</b>	<b>72.5</b>
<b>Case &amp; Data Management</b>				
Salaries and Benefits	1,066,700	1,140,200	1,146,600	1,185,500
Operating Expenses	9,400	12,700	29,300	26,900
Program Expenses	339,000	362,900	560,000	430,000
<b>Total Expenses</b>	<b>1,415,100</b>	<b>1,515,800</b>	<b>1,735,900</b>	<b>1,642,400</b>
<b>Total Non-Annual Fee Revenues</b>	-	-	-	-
<b>Excess of Revenues Over Expenses / (Expenses Over Revenues)</b>	<b>(1,415,100)</b>	<b>(1,515,800)</b>	<b>(1,735,900)</b>	<b>(1,642,400)</b>
<b>Full Time Equivalent</b>			<b>10.0</b>	<b>10.0</b>
<b>Litigation Services &amp; Trustee Services</b>				
Salaries and Benefits	7,930,400	8,327,300	8,513,800	8,886,100
Operating Expenses	188,500	185,400	379,800	290,400
Program Expenses	142,500	201,400	199,100	182,100
<b>Total Expenses</b>	<b>8,261,400</b>	<b>8,714,100</b>	<b>9,092,700</b>	<b>9,358,600</b>
<b>Total Non-Annual Fee Revenues</b>	<b>29,500</b>	<b>18,200</b>	<b>10,000</b>	<b>75,000</b>
<b>Excess of Revenues Over Expenses / (Expenses Over Revenues)</b>	<b>(8,231,900)</b>	<b>(8,695,900)</b>	<b>(9,082,700)</b>	<b>(9,283,600)</b>
<b>Full Time Equivalent</b>			<b>54.5</b>	<b>54.5</b>

# Operating Budget Details

Professional Regulation & Tribunal	2022 Actuals	2023 Projected Actuals	2023 Approved Budget	2024 Proposed Budget
<b>Compensation Fund</b>				
Salaries and Benefits	493,800	589,500	615,700	629,100
Operating Expenses	10,700	11,500	21,700	21,500
Program Expenses	8,499,500	5,275,200	5,426,100	6,226,000
<b>Total Expenses</b>	<b>9,004,000</b>	<b>5,876,200</b>	<b>6,063,500</b>	<b>6,876,600</b>
<b>Total Non-Annual Fee Revenues</b>	<b>(655,100)</b>	<b>3,199,900</b>	<b>1,627,000</b>	<b>1,764,600</b>
<b>Excess of Revenues Over Expenses / (Expenses Over Revenues)</b>	<b>(9,659,100)</b>	<b>(2,676,300)</b>	<b>(4,436,500)</b>	<b>(5,112,000)</b>
<b>Full Time Equivalent</b>			<b>4.5</b>	<b>4.5</b>
<b>Law Society Tribunal</b>				
Salaries and Benefits	1,284,400	1,438,500	1,455,500	1,511,100
Operating Expenses	33,700	34,100	82,800	65,700
Program Expenses	657,200	746,100	900,600	897,700
<b>Total Expenses</b>	<b>1,975,300</b>	<b>2,218,700</b>	<b>2,438,900</b>	<b>2,474,500</b>
<b>Total Non-Annual Fee Revenues</b>	<b>1,200</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess of Revenues Over Expenses / (Expenses Over Revenues)</b>	<b>(1,974,100)</b>	<b>(2,218,700)</b>	<b>(2,438,900)</b>	<b>(2,474,500)</b>
<b>Full Time Equivalent</b>			<b>12.5</b>	<b>12.5</b>

# Client & People Services





# Overview

## Client & People Services

Client & People Services is a collection of business units, including the Client Service Centre, Human Resources, Information Technology, Portfolio Management and Business Transformation Office that offer a diverse range of services to internal and external stakeholders.

<b>Executive Director's Office</b> <b>Portfolio Management &amp; Business Transformation Office</b>	<b>Client Service Centre</b>	<b>Information Technology</b>
<ul style="list-style-type: none"> <li>• Maintains and manages the portfolio of non-facilities related capital projects within Law Society, including the Transformation.</li> <li>• Establishes project standards and methodology for the organization.</li> <li>• Offers support and guidance for all project managers, providing tools and templates and maintains documentation for standards and best practices in project management.</li> <li>• Oversees programs such as the Member Assistance Program and the Law Society's Workplace Health &amp; Safety Program.</li> </ul>	<ul style="list-style-type: none"> <li>• Receives 225,000 client service inquiries and completes 80,000 administrative tasks for licensees and others.</li> <li>• Updates licensee status/contact information in the Law Society's database, first point of contact for inquiries from licensees and public, and manages requests for fee adjustments, Photo ID, Certificates of Standing and Status Letters for licensees.</li> <li>• Responds to internal/external requests for data/statistics, deals with some licensee applications, and is responsible for the Lawyer and Paralegal Directory and the Law Society Portal.</li> <li>• Connects people looking for legal assistance with a lawyer or paralegal who will provide a free consultation of up to 30 minutes to help determine rights and options. Approximately 65,000 referrals are provided yearly – 60% through the online service and 40% through the crisis line or email.</li> <li>• Manages mobility permits and licensing applications, Foreign Legal Consultant permits, Civil Society Organization registration, licensing following surrender/revocation applications, clearance checks and assists the public with the new online complaint process.</li> </ul>	<ul style="list-style-type: none"> <li>• Supports Law Society's productivity and safety through stable and secure business applications and information and communications technology.</li> <li>• Manages over 28 applications, including finance, licensee directory, case management system and over 200 production servers.</li> <li>• Manages the security of over 90 terabytes of data in Law Society's enterprise data warehouse.</li> <li>• Provides resolution to over 11,000 service request and 3,000 inquiries annually from Law Society employees.</li> <li>• Manages IT related projects and initiatives for the Law Society. Currently leading the Transformation and implementing, together with external partner, Microsoft Dynamics as a single platform across Law Society.</li> <li>• Implements strong cyber security measures, including monitoring for threats and patching; blocking over 60,000 threats daily.</li> </ul>

# Overview

## Client & People Services

Client & People Services is a collection of business units, including Client Service Centre, Human Resources, Information Technology, Portfolio Management and Business Transformation Office that offer a diverse range of services to internal and external stakeholders.

Human Resources	Member Assistance Plan (MAP)	Parental Leave Assistance Plan (PLAP)
<ul style="list-style-type: none"><li>• Contributes to meeting the needs of our employees and managers by providing leadership, guidance support and services in the following areas: Employee Relations, Performance Management, Recruitment and Staffing, Compensation (salary, benefits, pension), Health &amp; Safety, Training and Development, HR Information Systems, people-related legislation including Employment Standards, Pay Equity, Health and Safety and Human Rights.</li></ul>	<ul style="list-style-type: none"><li>• A confidential service designed to help members to achieve their health and wellness goals.</li><li>• Lawyers, paralegals, licensing candidates, law students, judges, other legal professionals and their families can access the MAP.</li><li>• Funded by and fully independent of the Law Society of Ontario and LAWPRO, Homewood Health provides services through coaching, counselling, peer support and resources.</li></ul>	<ul style="list-style-type: none"><li>• Financial assistance following the birth or adoption of a child – \$750 per week for up to 12 weeks (\$9,000 max. per family).</li><li>• For practising lawyers in sole practice, or firms of up to five lawyers, who do not have access to other parental or adoption benefits.</li></ul>

# Operating Budget Summary

Client & People Services	2022 Actuals	2023 Projected Actuals	2023 Approved Budget	2024 Proposed Budget	% Change Year over Year Budget
<b>Client &amp; People Services Total</b>					
Salaries and Benefits	12,752,900	12,628,200	13,427,000	13,193,900	
Operating Expenses	323,100	360,300	556,100	518,700	
Program Expenses	5,063,700	6,383,900	5,975,800	7,831,800	
<b>Total Expenses</b>	<b>18,139,700</b>	<b>19,372,400</b>	<b>19,958,900</b>	<b>21,544,400</b>	<b>7.9%</b>
<b>Total Non-Annual Fee Revenues</b>	<b>1,028,500</b>	<b>1,068,000</b>	<b>1,227,600</b>	<b>1,060,100</b>	<b>-13.6%</b>
<b>Excess of Revenues Over Expenses / (Expenses Over Revenues)</b>	<b>(17,111,200)</b>	<b>(18,304,400)</b>	<b>(18,731,300)</b>	<b>(20,484,300)</b>	
<b>Full Time Equivalent</b>			<b>116.0</b>	<b>110.0</b>	

## Items of Note

- There is a decrease of 6 FTE positions and related salary and benefit costs mainly attributed to reorganization. Four positions moved to the Client Service Centre to Intake & Resolution with the realignment of the complaints process. There was also a reduction of two employees in the organization through workflow improvements.
- The 2023 forecast for program expenses is \$1.0 million higher compared to the budget, mainly driven by one-time transitional costs to support service to the public and licensees and maintaining operations while the Law Society completes the Transformation. The costs relate to software licences and additional expenses to sustain both legacy and newly deployed applications and are offset by savings from other departments.
- The 2024 budget includes an increase of \$2.3M for temporary transitional costs related to the Transformation, included in program expenses within the Information Technology departmental summary. This was partially offset by reductions in the Membership Assistance Program budget to align with actual experience.

# Operating Budget Details

Client & People Services	2022 Actuals	2023 Projected Actuals	2023 Approved Budget	2024 Proposed Budget
<b>Executive Director's Office   Project Management &amp; Business Transformation Office</b>				
Salaries and Benefits	1,089,700	1,098,900	1,141,700	1,172,400
Operating Expenses	39,300	66,000	88,800	91,000
Program Expenses	-	300,000	279,300	180,000
<b>Total Expenses</b>	<b>1,129,000</b>	<b>1,464,900</b>	<b>1,509,800</b>	<b>1,443,400</b>
<b>Total Non-Annual Fee Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess of Revenues Over Expenses / (Expenses Over Revenues)</b>	<b>(1,129,000)</b>	<b>(1,464,900)</b>	<b>(1,509,800)</b>	<b>(1,443,400)</b>
<b>Full Time Equivalent</b>			<b>6.0</b>	<b>6.0</b>
<b>Client Service Centre</b>				
Salaries and Benefits	5,070,000	4,928,200	5,256,500	4,939,900
Operating Expenses	106,400	110,400	258,500	218,900
Program Expenses	105,800	9,700	17,700	17,700
<b>Total Expenses</b>	<b>5,282,200</b>	<b>5,048,300</b>	<b>5,532,700</b>	<b>5,176,500</b>
<b>Total Non-Annual Fee Revenues</b>	<b>696,000</b>	<b>731,200</b>	<b>800,600</b>	<b>720,600</b>
<b>Excess of Revenues Over Expenses / (Expenses Over Revenues)</b>	<b>(4,586,200)</b>	<b>(4,317,100)</b>	<b>(4,732,100)</b>	<b>(4,455,900)</b>
<b>Full Time Equivalent</b>			<b>55.0</b>	<b>51.0</b>
<b>Information Technology</b>				
Salaries and Benefits	5,150,800	5,259,100	5,255,500	5,465,300
Operating Expenses	140,600	140,800	123,000	123,000
Program Expenses	3,174,300	4,441,200	3,481,300	5,781,700
<b>Total Expenses</b>	<b>8,465,700</b>	<b>9,841,100</b>	<b>8,859,800</b>	<b>11,370,000</b>
<b>Total Non-Annual Fee Revenues</b>	<b>12,000</b>	<b>12,000</b>	<b>12,000</b>	<b>12,000</b>
<b>Excess of Revenues Over Expenses / (Expenses Over Revenues)</b>	<b>(8,453,700)</b>	<b>(9,829,100)</b>	<b>(8,847,800)</b>	<b>(11,358,000)</b>
<b>Full Time Equivalent</b>			<b>41.0</b>	<b>41.0</b>

# Operating Budget Details

Client & People Services	2022 Actuals	2023 Projected Actuals	2023 Approved Budget	2024 Proposed Budget
<b>Human Resources</b>				
Salaries and Benefits	1,442,400	1,342,000	1,773,300	1,616,300
Operating Expenses	36,800	43,100	85,800	85,800
Program Expenses	974,600	851,600	1,127,500	1,024,400
<b>Total Expenses</b>	<b>2,453,800</b>	<b>2,236,700</b>	<b>2,986,600</b>	<b>2,726,500</b>
<b>Total Non-Annual Fee Revenues</b>	-	-	-	-
<b>Excess of Revenues Over Expenses / (Expenses Over Revenues)</b>	<b>(2,453,800)</b>	<b>(2,236,700)</b>	<b>(2,986,600)</b>	<b>(2,726,500)</b>
<b>Full Time Equivalent</b>			<b>14.0</b>	<b>12.0</b>
<b>Member Assistance Plan (MAP)</b>				
Salaries and Benefits	-	-	-	-
Operating Expenses	-	-	-	-
Program Expenses	713,000	731,400	970,000	728,000
<b>Total Expenses</b>	<b>713,000</b>	<b>731,400</b>	<b>970,000</b>	<b>728,000</b>
<b>Total Non-Annual Fee Revenues</b>	<b>320,500</b>	<b>324,800</b>	<b>415,000</b>	<b>327,500</b>
<b>Excess of Revenues Over Expenses / (Expenses Over Revenues)</b>	<b>(392,500)</b>	<b>(406,600)</b>	<b>(555,000)</b>	<b>(400,500)</b>
<b>Parental Leave Assistance Plan (PLAP)</b>				
Salaries and Benefits	-	-	-	-
Operating Expenses	-	-	-	-
Program Expenses	96,000	50,000	100,000	100,000
<b>Total Expenses</b>	<b>96,000</b>	<b>50,000</b>	<b>100,000</b>	<b>100,000</b>
<b>Excess of Revenues Over Expenses / (Expenses Over Revenues)</b>	<b>(96,000)</b>	<b>(50,000)</b>	<b>(100,000)</b>	<b>(100,000)</b>

# Corporate



# Overview

## Corporate

The Society's corporate functions include executive oversight, financial administration, facilities management, external relations and internal communications, and office of general counsel.

Office of Chief Executive Officer	Finance	Facilities & Planning
<ul style="list-style-type: none"><li>• Leads the operations of the Law Society.</li><li>• Provides advice and support to the Treasurer and benchers and operational oversight for projects and activities that bridge strategy, policy and large-scale implementation.</li><li>• Includes the Corporate Secretary function with oversight and management of governance functions.</li><li>• Coordinates the contribution of benchers and management to Federation of Law Societies of Canada.</li></ul>	<ul style="list-style-type: none"><li>• Oversees the Society's financial administration including its annual budget, financial policies and reporting, internal controls and support for the Audit and Finance Committee.</li><li>• Manages, in collaboration with the Office of General Counsel, the Society's enterprise risk including risk identification, assessment and mitigation and compliance reporting.</li><li>• Provides LiRN Inc. with financial oversight and governance support to their Audit &amp; Finance Committee.</li><li>• Oversees the delivery of programs, donor stewardship and fundraising, financial administration and governance support for The Law Society Foundation.</li></ul>	<ul style="list-style-type: none"><li>• Provides employees and visitors with a safe, healthy, and functional environment necessary to support the effective delivery of the organization's mandate. The portfolio of integrated services includes building maintenance and operations, security, oversight of internal event coordination, curatorial, waste management, and cleaning services.</li><li>• Manages all facilities related capital projects to repair, upgrade or replace aspects of the building or equipment, including the preservation of the heritage features of the Law Society's premises.</li><li>• Provides design and facilities services to maximize space utilization, address organization needs, and protect building assets.</li></ul>

# Overview

## Corporate

The Society's corporate functions include executive oversight, financial administration, facilities management, external relations and internal communications, and office of general counsel.

Office of General Counsel	External Relations & Communications	Corporate - General
<ul style="list-style-type: none"><li>Retains and instructs counsel for all corporate litigation.</li><li>Supports and co-instructs external counsel appointed by the Law Society's insurers in respect of litigation that is insured.</li><li>Manages an average of 30 corporate litigation files each year.</li><li>Provides all divisions of the LSO, the Treasurer and Convocation and its committees with supports, advice and input into legal, policy, regulatory and corporate interactions and issues, including contract drafting, review and negotiation; information access and privacy issues; legislative drafting and employment matters. Processes on average 400 matters per year (excluding litigation matters).</li></ul>	<ul style="list-style-type: none"><li>Leads the Society's communications, government and stakeholder relations functions.</li><li>Provides strategic communications and engagement advice and services.</li><li>Works closely with the Treasurer, benchers, management and operational areas to advance policy initiatives and strategic priorities by taking a leadership role in engagement and communications strategy development, media relations and issues management.</li></ul>	<ul style="list-style-type: none"><li>Includes expenses not aligned specifically with an operational department including insurance, audit fees, provision for bad debts, and payment card processing fees.</li></ul>



# Operating Budget Summary

Corporate	2022 Actuals	2023 Projected Actuals	2023 Approved Budget	2024 Proposed Budget	% Change Year over Year Budget
<b>Corporate Total</b>					
Salaries and Benefits	9,436,700	9,520,900	9,583,200	9,950,600	
Operating Expenses	314,400	357,400	545,000	511,300	
Program Expenses	11,539,500	11,793,800	12,069,500	11,638,400	
<b>Total Expenses</b>	<b>21,290,600</b>	<b>21,672,100</b>	<b>22,197,700</b>	<b>22,100,300</b>	<b>-0.4%</b>
<b>Total Non-Annual Fee Revenues</b>	<b>1,946,200</b>	<b>6,455,800</b>	<b>3,117,700</b>	<b>4,072,500</b>	<b>30.6%</b>
<b>Excess of Revenues Over Expenses / (Expenses Over Revenues)</b>	<b>(19,344,400)</b>	<b>(15,216,300)</b>	<b>(19,080,000)</b>	<b>(18,027,800)</b>	
<b>Full Time Equivalent</b>			<b>64.0</b>	<b>64.0</b>	

## Items of Note

- The decrease in budgeted program expenses of \$431,100 is mainly driven by a reduction in planned spending on E&O defence costs, reduced spending in External Relations and Communications as hybrid modalities continue for stakeholder relations and membership outreach, and changes to security services to reflect changes in building operations and reduced visitors.
- The increase to the non-annual fee revenue budget for 2024 is attributed to increased investment income with higher interest rates expected to continue, partially offset by reduction in Lexis Nexis royalty payments.

# Operating Budget Details

Corporate	2022 Actuals	2023 Projected Actuals	2023 Approved Budget	2024 Proposed Budget
<b>Office of Chief Executive Officer</b>				
Salaries and Benefits	1,465,300	1,462,600	1,462,600	1,492,800
Operating Expenses	44,100	46,500	58,100	54,400
Program Expenses	124,900	82,400	84,500	82,800
<b>Total Expenses</b>	<b>1,634,300</b>	<b>1,591,500</b>	<b>1,605,200</b>	<b>1,630,000</b>
<b>Total Non-Annual Fee Revenues</b>	-	-	-	-
<b>Excess of Revenues Over Expenses / (Expenses Over Revenues)</b>	<b>(1,634,300)</b>	<b>(1,591,500)</b>	<b>(1,605,200)</b>	<b>(1,630,000)</b>
<b>Full Time Equivalent</b>			<b>5.0</b>	<b>5.0</b>
<b>Finance</b>				
Salaries and Benefits	3,446,800	3,419,800	3,455,300	3,560,100
Operating Expenses	77,200	87,300	138,900	120,900
Program Expenses	447,200	174,700	201,500	201,500
<b>Total Expenses</b>	<b>3,971,200</b>	<b>3,681,800</b>	<b>3,795,700</b>	<b>3,882,500</b>
<b>Total Non-Annual Fee Revenues</b>	<b>630,400</b>	<b>605,200</b>	<b>533,000</b>	<b>533,000</b>
<b>Excess of Revenues Over Expenses / (Expenses Over Revenues)</b>	<b>(3,340,800)</b>	<b>(3,076,600)</b>	<b>(3,262,700)</b>	<b>(3,349,500)</b>
<b>Full Time Equivalent</b>			<b>25.0</b>	<b>25.0</b>
<b>Facilities</b>				
Salaries and Benefits	1,370,100	1,409,800	1,405,300	1,457,300
Operating Expenses	42,600	47,200	66,500	60,000
Program Expenses	5,507,000	5,613,000	5,909,000	5,872,000
<b>Total Expenses</b>	<b>6,919,700</b>	<b>7,070,000</b>	<b>7,380,800</b>	<b>7,389,300</b>
<b>Total Non-Annual Fee Revenues</b>	-	-	-	-
<b>Excess of Revenues Over Expenses / (Expenses Over Revenues)</b>	<b>(6,919,700)</b>	<b>(7,070,000)</b>	<b>(7,380,800)</b>	<b>(7,389,300)</b>
<b>Full Time Equivalent</b>			<b>13.0</b>	<b>13.0</b>

# Operating Budget Details

Corporate	2022 Actuals	2023 Projected Actuals	2023 Approved Budget	2024 Proposed Budget
<b>Office of General Counsel</b>				
Salaries and Benefits	1,229,700	1,265,700	1,267,700	1,327,900
Operating Expenses	68,800	68,800	101,500	101,500
Program Expenses	790,600	662,000	718,400	500,000
<b>Total Expenses</b>	<b>2,089,100</b>	<b>1,996,500</b>	<b>2,087,600</b>	<b>1,929,400</b>
<b>Total Non-Annual Fee Revenues</b>	-	-	-	-
<b>Excess of Revenues Over Expenses / (Expenses Over Revenues)</b>	<b>(2,089,100)</b>	<b>(1,996,500)</b>	<b>(2,087,600)</b>	<b>(1,929,400)</b>
<b>Full Time Equivalent</b>			<b>6.0</b>	<b>6.0</b>
<b>External Relations &amp; Communications</b>				
Salaries and Benefits	1,924,800	1,963,000	1,992,300	2,112,500
Operating Expenses	81,700	107,600	180,000	174,500
Program Expenses	546,500	888,000	1,010,100	860,100
<b>Total Expenses</b>	<b>2,553,000</b>	<b>2,958,600</b>	<b>3,182,400</b>	<b>3,147,100</b>
<b>Total Non-Annual Fee Revenues</b>	-	-	-	-
<b>Excess of Revenues Over Expenses / (Expenses Over Revenues)</b>	<b>(2,553,000)</b>	<b>(2,958,600)</b>	<b>(3,182,400)</b>	<b>(3,147,100)</b>
<b>Full Time Equivalent</b>			<b>15.0</b>	<b>15.0</b>
<b>Corporate - General</b>				
Salaries and Benefits	-	-	-	-
Operating Expenses	-	-	-	-
Program Expenses	4,123,300	4,373,700	4,146,000	4,122,000
<b>Total Expenses</b>	<b>4,123,300</b>	<b>4,373,700</b>	<b>4,146,000</b>	<b>4,122,000</b>
<b>Total Non-Annual Fee Revenues</b>	<b>1,315,800</b>	<b>5,850,600</b>	<b>2,584,700</b>	<b>3,539,500</b>
<b>Excess of Revenues Over Expenses / (Expenses Over Revenues)</b>	<b>(2,807,500)</b>	<b>1,476,900</b>	<b>(1,561,300)</b>	<b>(582,500)</b>

# 6

## Other Funds

# Compensation Fund - Lawyers

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The Compensation Fund is restricted by the Law Society Act. Under the Act, the Fund's revenues are to include licensee annual fees, recoveries, and investment income from the investment of the accumulated fund balances.

The Fund makes grants to members of the public who are the victims of licensee dishonesty and misappropriation of client funds held in trust. Convocation has delegated responsibility for the approval of grants to the Compensation Fund Sub-Committee. Current guidelines for grants cap payments at \$500,000 for the lawyer pool of the Fund and \$10,000 for the paralegal pool of the Fund.

The lawyer pool of the Compensation Fund is governed by a Convocation-approved Fund Balance Management Policy ("Policy"). The Policy sets out minimum and maximum fund balance amounts to be maintained, prescribes the use of the accumulated fund balance and steps to be taken in the event the fund balance is outside the approved range. The policy provides for the discretionary use of the fund balance when the balance exceeds the minimum and is below the maximum range.

The minimum balance required in the fund is \$20.4 million and the maximum benchmark is \$103.3 million. The current fund balance of the lawyer pool of the Compensation Fund is \$24.6 million as of June 30, 2023 and is projected to end the year at approximately \$23.2 million. While the fund balance is currently within the benchmarks of the Policy, it would only take six claims at the maximum grant amount of \$500,000 or further volatility in the financial markets to bring the fund balance below the minimum threshold.

# Compensation Fund - Lawyers

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Key assumptions in the 2024 budget related to the lawyer pool of the Compensation Fund are:

- The actual provision for unpaid grant expense in 2021 was \$6.6 million and \$8.4 million in 2022. While the provision expense to June 2023 is less than budget, there are inquiries with large claim amounts currently under investigation that may put pressure on the provision. An updated stochastic model by an actuarial firm engaged by the Law Society was completed in 2023. It includes a provision for unpaid grant expense of \$6.0 million based on a 0% growth trend assumption and \$6.7 million using a 2% growth trend assumption.
- Determining the budget for the provision for unpaid grant expense involves assessing risk tolerance and the likelihood of continued high claims activity and severity. While the Law Society is experiencing increases in the average severity of claims, volumes continue to fluctuate. As it is difficult to know whether the high claims activity of the past two years will continue, this budget takes a moderate approach with it including a \$6.0 million provision for unpaid grant expense, under the 0% growth trend assumption, representing an increase of \$900,000 from the 2023 budget. While the provision for unpaid grant expense does not take into account the increasing trend assumption, the Law Society will monitor activity over the next year to see if future provisions need to reflect the 2% growth assumption in claims severity.
- Based on the above assumptions, the Compensation Fund component of the annual fee for lawyers is increasing to \$105 in 2024 from \$90 in 2023.

# Compensation Fund - Paralegals

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Convocation approved a new Fund Balance Management Policy (the "Policy") for the paralegal pool of the Compensation Fund in September 2023. Similar to the lawyer pool of the Compensation Fund, this Policy sets the minimum and maximum fund balance benchmarks to be maintained, prescribes the use of the accumulated fund balance and steps to be taken in the event the fund balance is outside the approved range.

Based on the Policy, the minimum fund balance required in the paralegal pool of the Compensation Fund is \$143,000 and the maximum benchmark is \$707,000. The fund balance as at June 30, 2023 was \$854,000 and is projected to end the year at approximately \$960,000. As the projected fund balance exceeds the maximum benchmark, the 2024 budget recommends a nominal fee of \$1. The Law Society will assess ways to bring the fund balance below the maximum benchmark over the next three years.

A stochastic model was also prepared for the paralegal pool of the Compensation Fund for the first time in 2023 as there was now sufficient historical data to complete the analysis. The model estimated a provision for unpaid grant expense of \$46,890. As a result, the budgeted provision for unpaid grant expense is reduced to \$50,000 in the 2024 budget from \$166,000 in 2023.

Based on the above, the Compensation Fund component of the annual fee for paralegals will decrease to \$1 in 2024 from \$10 in 2023.

# Capital Allocation Fund

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The Law Society maintains a restricted Capital Fund for the sole purpose of providing funding for the replacement, upgrade and restoration of its physical assets and information technology systems.

Osgoode Hall is one of the legal professions' most iconic sites and the Law Society is entrusted with its preservation. Maintaining Osgoode Hall, in addition to requiring attention to its historical and symbolic importance, is complicated and expensive as the Law Society seeks to modernize its physical plant while respecting and maintaining the building's heritage. A facilities condition assessment was conducted in 2020 to develop a ten-year plan to maintain and replace relevant aspects of its physical infrastructure. This plan continued to inform the choice of projects to be undertaken in 2024 and total \$2.5 million in the budget. The recommended physical infrastructure projects include conservation work on the south portion of the historic fence, refurbishment of air handling units, elevator replacements and upgrade to the mechanical heat exchangers.

As a knowledge-based operation the Law Society requires continuous investment in modern technology to meet expectations of licensees, the public, and to manage risk and security measures for electronic data. As the Law Society moves forward with the Transformation, minimum capital spending is planned on current technology. The 2024 budget of \$920,000 includes only essential investments related to technology infrastructure such as required end user hardware devices, database upgrades, and meeting room technology to support hybrid meetings.



# Capital Allocation Fund

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The Release 2 of Transformation is anticipated to be completed in 2024 with estimated total costs of \$22.3 million. There is currently \$12.6 million restricted in the Capital Allocation Fund for the purpose of the Transformation with estimated spending to the end of 2023 of \$13.1 million. The difference of \$500,000 will be funded from the unrestricted capital fund balance as the cost of Bencher Wing Restoration project is less than budgeted.

The remaining \$9.2 million which is expected to be spent in 2024 will be funded as follows and is reflected in the 2024 budget:

- Transfer of \$3.5 million from the Lawyer General Fund; and
- Loan of \$5.675 million from the Lawyer General Fund with replenishment of the Lawyer General Fund in future years through lawyer and paralegal annual fees.

# Capital Allocation Fund

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The total capital budget of \$12.9 million for 2024 is summarized below:

Capital Project	2024 Draft Capital Budget
Business and Technology Transformation	\$9,175,000
Facilities - Preservation and Infrastructure Projects per FCA	2,480,000
Information Technology - Infrastructure Updates and Replacements	920,000
Contingency	300,000
<b>Total</b>	<b>\$12,875,000</b>

The funding of the 2024 capital budget is summarized below:

Funding Source	Amount
Loan from the Lawyer General Fund	\$5,675,000
Annual Capital Fees (Lawyers and Paralegals)	3,100,000
Use of Fund Balance - Lawyer General Fund	3,500,000
Use of Fund Balance - Capital Allocation Fund	600,000
<b>Total</b>	<b>\$12,875,000</b>

The capital component of the annual fee in 2024 is \$55 (2023 - \$66).

# Errors and Omissions Insurance Fund

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The Society's Errors and Omissions Insurance Fund ("E&O Fund") is maintained for the purpose of reporting insurance related transactions between the Society, lawyers and LAWPRO. LAWPRO administers the day-to-day operations of the E&O Fund under a management services agreement at no cost to the Society. LAWPRO's administration of the E&O Fund is limited to the billing and collection of premiums and various additional levies related to transactions undertaken by lawyers.

Ownership of the Fund's assets, including decisions to restrict their use, as well as income derived from their investment, is entirely the purview of Convocation including the transfer of surplus investment income to the Society's Lawyer General Fund.

The 2024 budget proposes to transfer \$1.2 million of investment income, surplus to the needs of the E&O Fund, to support the operations of the Lawyer General Fund. As of June 30, 2023, there is \$2.5 million in cumulative excess investment income that will allow the transfer of this \$1.2 million in both 2023 and 2024. However, this source of funding is subject to volatility in the capital markets and there is a risk that if financial markets decline there would not be sufficient balances for these transfers. Management will continue to monitor this risk throughout both 2023 and 2024.

# County Libraries Fund

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The Society maintains the County Libraries Fund to collect fees from lawyers for the provision of legal information and the support of county library services across Ontario's law libraries through its wholly-owned not-for-profit subsidiary LiRN Inc. ("LiRN").

On an annual basis, the Law Society approves a budget submission from LiRN supporting their request for grant funding from the Law Society. The total operating budget for LiRN is increasing from \$9.8 million in 2023 to \$10.8 million in 2024; however, LiRN's funding request for 2024 is only increasing from \$9.6 million to \$10.1 million, a 5% increase from 2023.

The increase in LiRN's operating budget is driven by two factors:

- Increase in grants to the county libraries of \$879,000 driven by an external review of library employee job descriptions and salary bands; and
- Increased electronic subscription costs of \$165,000 to support E-LiRN accessibility for free in courthouse libraries.

To fund operations and minimize its funding request from the Law Society, LiRN is utilizing a portion of its General Fund balance and recovered excess county law libraries fund balances based on a grant administration policy LiRN implemented in 2021.

Funding to LiRN of \$10.1 million will be funded solely through the county libraries component of the lawyer annual fee, which will increase to \$207 (2023 - \$200).

# FOR DECISION

## 2024 LiRN Inc. Budget

**Motion:**

**That Convocation approve the LiRN Inc. budget for 2024, which includes funding of \$10,079,900 from the Law Society of Ontario.**

LiRN Inc (“LiRN”), a wholly-owned, not-for-profit subsidiary of the Law Society, was established to develop policies, procedures, guidelines and standards for the delivery of county law library services and legal information across Ontario and to administer funding on behalf of the Law Society. The Law Society holds all of the 100 common shares of LiRN. Of the 100 special shares, 25 are held by the Toronto Lawyers Association and 75 are held by the Federation of Ontario Law Associations.

The Law Society collects funds for county and district law library purposes and provides grants to LiRN to administer the legal information network. Convocation internally restricts these funds for the purpose of funding LiRN, and indirectly the county and district law libraries, to carry out their annual operations and any special projects approved by Convocation.

LiRN’s total operating budget for 2024 of \$10.8 million was approved by its Board on August 25, 2023. LiRN’s budget incorporates Law Society grant funding to LiRN of \$10.1 million. The total request for 2024 increases compared to 2023 funding of \$9.6 million, or by approximately 5%. To fund the grant to LiRN, the Law Society’s 2024 draft budget sets the County Libraries Fund component of the 2024 lawyer annual fee at \$207, up from \$200 in 2023.

As set out in the Explanatory Notes accompanying the budget, LiRN’s 2024 budget

- designates a 12% increase in funding to the associations for library operations, which includes salary adjustments for library staff based on an independent compensation review, and
- does not request funding from the Law Society for transitional projects as it has secured funding of \$1.4 million from the Law Foundation of Ontario to support an Innovation and Equity of Access in Ontario Courthouse Libraries project.

LiRN’s 2024 budget follows with a report at [Tab 2.2.1](#) prepared by LiRN, which summarizes the activities and plans for 2024 and the 2024 Budget at [Tab 2.2.2](#).



**LiRN**

Legal Information and Resource Network

# 2024 LiRN Budget Explanatory Notes

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## Executive Summary

	2024	2023	% Change
<b>Funding Sources</b>			
Law Society Grant	10,079,900	9,572,427	5%
Recovered Excess Fund Balance(s)	485,000	220,000	120%
LiRN General Fund Balance	200,000	0	—
<b>Total Funding Sources:</b>	<b>10,764,900</b>	<b>9,792,427</b>	<b>10%</b>
<b>Expenses</b>			
Grants to County Libraries	8,577,400	7,698,402	11%
Centralized Services for Libraries and Library Users	1,704,800	1,503,000	13%
LiRN Operations	482,690	461,025	5%
<b>Total Operating Budget</b>	<b>10,764,890</b>	<b>9,662,427</b>	<b>11%</b>
<b>Total Transitional Budget:</b>	<b>0</b>	<b>120,000</b>	<b>-100%</b>
<b>Total Expenses:</b>	<b>10,764,890</b>	<b>9,782,427</b>	<b>11%</b>

LiRN's budget is \$10.8 million with a request for funding from the LSO of \$10.1 million. The funding request has been mitigated by our use of additional funding sources to fund 2024 operations:

- Available General Fund Balance; and
- Recovery of excess grant funding provided to law associations for library purposes that was not utilized in 2022 or earlier and remains in their fund balances.

There is no request for funding for transitional projects that LiRN will be undertaking as we have successfully secured \$1.4 million in grant funding from the Law Foundation of Ontario for the Innovation and Equity of Access in Ontario Courthouse Libraries project. This project will bring collections around the network up to a minimal standard and promote innovations to services and service delivery models.

For the 5% increase, LiRN can provide:

- [E-LiRN](#), a suite of resources that would cost an individual lawyer over \$40,000 per year—accessible for free in courthouse libraries since 2022.
- A 12% increase in funding to the associations for library operations, which includes salary adjustments for library staff based on a compensation review. The review included extensive consultation and was completed by an independent HR professional. The updated role description and salary matrices, approved by LiRN's Board of Directors in December of 2022, better align with the reality of the roles executed by library staff, which have become more complex since the last review in 2011. The matrices were made available to Associations as a tool to determine



appropriate titles and compensation for their staff, resulting in increased funding requests.

- A modest increase of 5% for LiRN operations.

## **LiRN Background**

LiRN was created to fund, monitor, and supervise courthouse libraries and the courthouse library system in Ontario.<sup>1</sup>

Courthouse libraries are the main source of legal information and law library services for many lawyers across Ontario. The funding, originating from the Law Society of Ontario, allows them to provide up-to-date resources and services that meet the evolving needs of library users.

LiRN's [2021 to 2026 Strategic Plan](#) was adopted after significant consultation with stakeholders. It establishes the following four strategic priorities:

1. LiRN is focused on the needs of courthouse library users, both now and in the future.
2. LiRN supports libraries and librarians.
3. LiRN collaborates with others working to provide legal information and library service prioritizing trust and respect.
4. LiRN makes evidence-based decisions.

With the Strategic Plan guiding its way, LiRN has been working to make significant network improvements.

## **Additional Funding Sources**

### **Excess Fund Balance (EFB) Recovery<sup>2</sup>**

A fund balance develops when there is an excess of grant funding that has not been spent on operating the library. LiRN's Board of Directors approved a [Grant Administration Policy](#) in 2021 on the advice of its auditor, which caps the amount of fund balance an association can hold for library purposes at 10% of their annual grant from LiRN.

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<sup>1</sup> See [Law Society of Ontario By-Law 13](#)

<sup>2</sup> It is anticipated that the accumulated excess fund balance will fall significantly in 2025 and beyond as recovery of existing amounts concludes.

**Pre-2022 EFB Recovery**

In 2022, LiRN implemented the policy and put in place a three-year process to recover EFBs accumulated prior to 2022. Associations were given the opportunity to present a proposal for use of the accumulated funds in accordance with the Policy, resulting in approximately \$600,000 to be recovered over 3 years using the following formula:

- 30% in 2023
- 35% in 2024
- 35% in 2025

The total amount of pre-2022 EFB slated to be recovered in 2024 is \$160,000.

**2022 EFB Recovery**

Fourteen Associations ended the 2022 fiscal year with EFBs. The total amount of EFBs reported at the end of 2022 is \$425,000 (excluding the pre-2022 EFB amounts that are being recovered under the above-noted process.)

In 2023, LiRN’s Board approved an annual process for recovering EFBs:

- Identify EFB for the previous year reported in Association financial reports;
- Provide an opportunity for Associations to submit a proposal for use of those EFB amounts; and
- Deduct EFB amounts remaining after approved proposals from the grant.

**Expected Recovery**

The total expected recovery has been adjusted down to account for proposals for use of funds that may ultimately be approved:

Total Pre-2021 EFB Recovery	160,000
Total 2022 EFB deducted from grants	259,000
Total 2022 EFB to be collected from Special Cases	166,000
Provision for approved proposals	(100,000)
<i>Total Expected EFB Recovery</i>	<i>485,000</i>

**LiRN General Fund Balance**

Since its inception, LiRN has maintained a General Fund balance between \$190,000 and \$500,000. This is above the reserve of \$500,000. As of June 30, 2023, the balance of the General Fund was approximately \$486,000.

Given the year-to-date favourable variances, it is reasonable to estimate that LiRN will have sufficient General Fund balance to allocate \$200,000 to fund 2024 operations without depleting the General Fund, nor using the Reserve Fund.

## **Expenses**

### **Grants**

The increase in grant amounts for 2024 reflect the results of a 2022 project that reviewed the role descriptions library staff—the first review of this kind since 2011.

### ***Salary Review***

During 2022, LiRN spent considerable time and effort consulting with Associations, shareholders, and library staff to develop an updated role description matrix.

Using these updated role descriptions, an external HR consultant developed salary bands.

LiRN does not employ the county library staff—the Associations are the employer, but LiRN undertook this process centrally for the sake of efficiency. The resulting role descriptions and salary bands were approved by the Board of Directors on December 5, 2022, and made available to Associations shortly thereafter. Many Associations made use of these tools to re-assess their staff's roles and salaries.

This is the first-time salary bands have been revisited centrally since 2011.

The previous salaries related to job descriptions that no longer accurately describe what many library staff are currently performing—particularly with respect to individuals running local or smaller area libraries. These employees were known as Library Assistants and their role historically consisted largely of administrative work. For example, while they collected and reviewed promotional literature, acquisitions decisions were made by the Association board. They were only expected to answer simple reference and directional questions.

Today, many of the staff members in roles previously classified as Library Assistants are making collection decisions, managing vendors for both print and electronic products as well as negotiating suitable contracts for online resources for their member's needs, and answering more advanced client research questions using their trained expertise using online resources. This is particularly true with the advent of e-LiRN.

The result has been an increased level of service provided to library users across the province.

The 2022 salary review therefore resulted in many Associations requesting raises for their staff members in accordance with the approved salary matrix, along with business cases to support the request. This was the main driving factor in increased grant requests.

## **Centralized Services for Libraries and Library Users**

### ***Electronic Products***

Law Society funding has allowed us to make many improvements to the network and enhancements to the services provided to licensees. See our [2022 Impacts Report](#) for more.

One of the key network enhancements is [e-LiRN](#).

In 2022, the Law Society provided transitional funding that allowed LiRN to establish a suite of electronic resources that provided lawyers who use courthouse library services with modern resources that are standard in other jurisdictions and larger firms (see [Appendix A](#) for details). Based on the positive reactions and increasing usage (see [Appendix B](#) for vendor stats), we moved e-LiRN into the operational budget in 2023.

LiRN has negotiated advantageous rate increases from its suppliers to keep the cost as low as possible. An individual lawyer subscribing to the resources available through e-LiRN would pay \$40,000 per year—making this well-used suite of resources an important value-added service for lawyers.

### ***County Library Benefit Plan***

There has been a slight reduction of the anticipated spend based on trends observed in plan usage.

### ***Insurance – Counties***

LiRN pays for Directors and Officers Liability (D&O) Insurance, and Property Insurance for Associations operating funded libraries.

The overall budgeted amount for this item has decreased, largely due to reorganizing the budget so that LiRN-specific insurance falls under a more appropriate category (Board of Directors and Governance Support). The budgeted amount for Association D&O and Property Insurance has increased by 5%.

**Learn with LiRN Annual Conference and Professional Development (PD)**

We have slightly increased the amount budgeted for the Learn with LiRN Annual Conference and PD to reflect the transition back to more in-person continuing education and to account for increased conference costs due to inflation.

**Other Centralized Network Administration**

The change in budgeted amount for this line item comes from re-organizing individual budget components to better align with the major expense categories, while reducing some of the budgeted amounts. When individual components of the line item are taken into consideration, there has been an overall decrease in expenses.

<b>Line Item Component</b>	<b>Previous Budget Line Item</b>	<b>Change in Budget</b>
<i>Publications – Library</i> CPD binders. All but the most necessary have been replaced by online access.	Stand-alone line item	(15,000)
<i>Courier Service / Postage</i> Largely used for inter-library loans	Unchanged	No significant change
<i>1-800 Line Charges</i> Service available to library users	LiRN Operations	No significant change

**LiRN Operations**

**Staff and Related Expenses**

The increase in this line item represents provision for a 3.5% cost of living increases for LiRN staff, a shift in the Roving Librarian position from part-time to full-time hours, and the addition of a part-time administrative assistant to support LiRN administration.

LiRN has also accounted for some staff time to be seconded to the Equity of Access and Innovation in Ontario Courthouse Libraries project funded by the Law Foundation of Ontario. The Foundation is aware of this partial use of project funds.

**Office Expenses**

The significant change in the budgeted amount for this line item comes from re-organizing the budget. 1-800 Line Charges used to be accounted for here, but this amount has been moved to “Other Centralized Network Administration” as it is a library service. Similarly, the expenses for the annual audit of LiRN’s financial statements was

included under this category last year and has been moved to “Financial and Audit Services” (see below).

This line item includes provision for office expenses such as courier service / postage costs incurred by LiRN (as opposed to shipping costs incurred by libraries and included in “Other Centralized Network Administration”, travel costs for the Managing Director and Roving Librarian, printing and stationery, web initiatives, and other administrative costs.

### ***Board of Directors & Governance Support***

This line item includes amounts for 2 in-person meetings (including the AGM), consulting fees to support filling vacant board positions, and D&O Insurance for LiRN. Please note that the D&O Insurance amount specific to LiRN was previously accounted for as part of the Insurance – Counties line item, as mentioned above.

### ***Financial and Audit Services (formerly Administrative Financial Services)***

This line item includes amounts for our accounting, banking, and auditing services as well as a provision for the expenses of reviewing library financial reporting. Previously, the amount budgeted for auditors was included in the costs for office expenses.

### ***Advisory Services***

This line item allows us to seek a lawyer’s or other professional advice related to governing or operating LiRN.

### **Transitional Projects**

LiRN is undertaking the Innovation and Equity of Access in Ontario Courthouse Libraries project, a significant 2-year transitional project fully funded by the Law Foundation of Ontario. As a result, we are not seeking any transitional funding from the LSO.

### **Equity of Access and Innovation in Ontario Courthouse Libraries**

This project runs from June 15, 2023, to June 15, 2024. The Law Foundation of Ontario has granted LiRN \$1.4 million over the 2 years of the project. These funds include provision for some LiRN staff time to be seconded to the project (deducted from Staff and Related Expenses above) as well as funds for:

- An innovation sandbox allowing LiRN and libraries to pilot new technologies, equipment, and service models; and

- A one-time collection investment to bring libraries up to a minimal standard and to pilot e-resources.

**NOTE** that these funds are dedicated to this project only and may not be used for LiRN operations. This project is not included as a funding source in LiRN's budget, nor are the project expenses accounted for under LiRN's expenses. However, some information about the project is included in the budget and in this documentation so the Law Society is aware of the project, its cost, and its scope.

**NOTE** also that LiRN has accounted for some staff time to be seconded to this project. The Foundation is aware of this partial use of project funds.

## Appendix A

This chart shows:

- Resources available in Ontario, BC, Alberta, and Québec prior to launching e-LiRN dark green.
- Resources available in those jurisdictions after e-LiRN was launched (bright green). Note that Alberta acquired an additional resource in that timeframe (also marked in bright green).

E-LiRN's Impact - Centrally Available Electronic Resources Across Jurisdictions				
Resource	Ontario	BC	Alberta	Québec
Lexis Advance – Quicklaw (provided by LiRN in Ontario)	✓	✓	✓	✓
LexisNexis Practical Guidance (all modules)	✓	no	no	no
Hein Online (provided by the Great Library in Ontario)	✓	✓	✓	✓
Provincial CPD Archives (free in Ontario)	✓	✓	✓	✓
WestlawNext Canada	no	✓	✓	✓
O'Brien's	no	✓	✓	no
Law Source	no	✓	no	no
Criminal Source	✓	No	✓	✓
Employment Source	no	No	✓	no
Estates & Trusts Source	✓	No	✓	no
Family Source	✓	No	✓	no
Insolvency Source	no	No	✓	no
vLex Irwin Law Titles	✓	✓	✓	✓
vLex Vincent	✓	no	✓	no
Canadian NewsStream	no	✓	no	no
ICLR Online	no	✓	✓	no
LLMC Digital	no	✓	no	no
Rangefindr	no	✓	✓	no
Canadian Environmental Law Guide	no	No	✓	no
Directors' Liability in Canada	no	No	✓	no
Emond's Criminal Law Series	no	No	✓	no
vLex Justis	no	No	✓	no
QP Source Professional (Alberta-specific resource)	no	No	✓	no
Quickscribe (BC-specific resource)	no	✓	no	no
Homegrown electronic resources	no	✓	no	✓
La reference (secondary source collections)	no	No	no	✓
LegalTrac (index of legal journals)	no	No	no	✓
Lexbase (encyclopedia of French law)	no	No	no	✓
Notarial Library	no	No	no	✓
IntelliConnect	no	No	no	✓
Recherche juridique (SOQUIJ)	no	No	no	✓
Taxnet Pro	no	No	no	✓
Loi et règlements sur les régimes complémentaires de retraite	no	No	no	✓
Tableau des modifications et Index sommaire	no	No	no	✓
AliForm	no	No	no	✓
Decisia	no	No	no	✓
SAG Plus	no	No	no	✓
Sentar	no	No	no	✓
Mtre Francine Payette's forms	no	No	no	✓
JurisÉvolution	no	No	no	✓
JuriFamille	no	No	no	✓
CRAC - Business register research across Canada	no	No	no	✓
Dictionnaire de droit québécois et canadien by Mtre Reid	no	No	no	✓



This chart shows how e-LiRN expanded the availability of resources across the courthouse library network in Ontario.

**Increased Availability Across Network = Increased Equity of Access**

Resource	Availability	
	2022	2021
<b>NEW</b> LexisNexis Practical Guidance	100%	25%
<b>NEW</b> Westlaw CriminalSource	100%	14%
<b>NEW</b> Westlaw FamilySource	100%	14%
<b>NEW</b> Westlaw Estates and Trusts Source	100%	8%
<b>NEW</b> vLex Essentials of Canadian Law (incl. Irwin Law)	100%	2%
<b>NEW</b> vLex VINCENT AI Legal Research Assistant	100%	0%
Lexis Advance – Quicklaw	100%	100%
Hein Online (provided by the Great Library)	100%	100%
Provincial CPD Archives (Provided by the LSO)	100%	100%

## Appendix B

### Quicklaw (provided prior to e-LiRN)

The usage trend is steady and reflects that lawyers have continued their usage of Quicklaw that LiRN had provided to Ontario lawyers had before the pandemic.

This trend is very positive since county/district libraries report that attendance in libraries has not yet returned to pre-pandemic levels.

Year	Documents Downloaded
2022	88,027
2023*	90,000

\* Anticipated based on year-to-date numbers for August 2023

In 2022, nearly 90,000 documents were downloaded worth over \$1.7 million (per LexisNexis). We anticipate similar results for 2023.

### Practical Guidance (New with e-LiRN)

Year	Documents Viewed
2022	5,058
2023 (up to August)	4,360

The usage is trending upwards with an anticipated growth of 12% by the year's end.

### Westlaw

Year	Value of Transactions	Average Value / Month	Average Transactions / Month
2022	\$ 1,617,761	\$ 134,813	4,403
2023 (up to August)	\$ 1,361,644	\$ 170,205	5,383

The usage is trending upwards with an increase of 21% in transactions / month.

**Vlex**

Year	Documents viewed	Searches
2022	2,476	3,500
2023 (up to August)	1,553	2,600

The usage is trending upwards with an anticipated growth of 17% by the year’s end.

**Background Notes**

- LiRN upgraded computers across the network in 2022 for better access to e-LiRN.
- Library staff report that lawyers have not yet returned to the courthouses close to their pre-pandemic levels. There are some court levels that are using Zoom for their courts. LiRN has begun outreach outlining why it is worth the drive to your courthouse library.
- LiRN arranges regular, CPD-accredited training sessions for lawyers who are new to the e-LiRN suite. We have also been creating customized marketing materials either with our vendors or in-house to inform lawyers about e-LiRN.

## 2024 LiRN Budget

	2024	2023	\$ Change	% Change
<b>Funding Sources</b>				
LAW SOCIETY GRANT	10,079,900	9,572,427	507,473	5%
RECOVERED EXCESS FUND BALANCE(S)	485,000	220,000	265,000	120%
LiRN GENERAL FUND BALANCE	200,000	0	200,000	—
<b>TOTAL FUNDING SOURCES:</b>	<b>10,764,900</b>	<b>9,792,427</b>	<b>972,473</b>	<b>10%</b>
<b>Expenses</b>				
<b>Grants</b>				
GRANTS TO COUNTY LIBRARIES	8,577,400	7,698,402	878,998	11%
<b>SUBTOTAL</b>	<b>8,577,400</b>	<b>7,698,402</b>	<b>878,998</b>	<b>11%</b>
<b>Centralized Services for Libraries and Library Users</b>				
ELECTRONIC PRODUCTS	1,095,400	930,000	165,400	18%
COUNTY LIBRARY BENEFIT PLAN	357,400	310,000	47,400	15%
INSURANCE - COUNTIES	119,000	138,000	-19,000	-14%
LEARN WITH LiRN ANNUAL CONFERENCE AND PD	80,000	65,000	15,000	23%
OTHER CENTRALIZED NETWORK ADMINISTRATION	53,000	60,000	-7,000	-12%
<b>SUBTOTAL</b>	<b>1,704,800</b>	<b>1,503,000</b>	<b>201,800</b>	<b>13%</b>
<b>LiRN Operations</b>				
STAFF AND RELATED EXPENSES	336,700	326,025	10,675	3%
TRAVEL AND OFFICE EXPENSES	28,490	30,000	-1,510	-5%
BOARD OF DIRECTORS & GOVERNANCE SUPPORT	26,000	45,000	-19,000	-42%
FINANCIAL AND AUDIT SERVICES	61,500	30,000	31,500	105%
ADVISORY SERVICES	30,000	30,000	0	0%
<b>SUBTOTAL</b>	<b>482,690</b>	<b>461,025</b>	<b>21,665</b>	<b>5%</b>
<b>TOTAL OPERATING BUDGET:</b>	<b>10,764,890</b>	<b>9,662,427</b>	<b>1,102,463</b>	<b>11%</b>
<b>Transitional</b>				
<b>Transitional Projects</b>				
N/A	0	120,000	-120,000	-100%
<b>TOTAL TRANSITIONAL BUDGET:</b>	<b>0</b>	<b>120,000</b>	<b>-120,000</b>	<b>-100%</b>
<b>TOTAL EXPENSES:</b>	<b>10,764,890</b>	<b>9,782,427</b>	<b>982,463</b>	<b>10%</b>

### Project Funding: Equity of Access and Innovation in Ontario Courthouse Libraries

This project runs from June 15 2023 to June 15 2024. The Law Foundation of Ontario has granted LiRN 1.4 million over the 2 years of the project. These funds include provision for some LiRN staff time to be seconded to the project (deducted from Staff and Related Expenses above) as well as funds for:

- A one-time collection investment to bring libraries up to a minimal standard and to pilot e-resources;
- An innovation sandbox allowing LiRN and libraries to pilot new technologies, equipment, and service models.

**NOTE that these funds are dedicated to this project only and may not be used for LiRN operations.**

	2023	2024	2025	TOTAL
Anticipated Law Foundation of Ontario Grant	350,000	700,000	350,000	1,400,000
Anticipated Expenses	350,000	700,000	350,000	1,400,000