OFFICE OF THE ATTORNEY GENERAL Attorney General Bob Ferguson

2018 Rate Day

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AGO Budget Director





AGO Overview

The AGO represents all state agencies. About 110 agencies receive legal services every month.

Examples of AGO Client Services

- Child dependency, guardianship & terminations (~7,020 referrals annually)
- Vulnerable adult protective services
- Water quality, water rights & natural resources litigation
- Defend allegations filed against state agencies
- Representation in Collective Bargaining, Interest Arbitration & Labor Disputes
- Major Litigation: Skagit River Bridge Collapse

AGO Overview (cont'd)

What Does the Client Receive?

- Expert legal services and representation
- Client needs range from 15 minutes of advice on a phone call to multi-biennial court cases (Ride the Ducks; Hanford Tank Vapors)

Cost Avoidance:

- ➤ U.S. Department of Labor v. State of Washington: Between \$80 & \$100-Million in settlement cost avoidance.
- Defending State Agencies against high dollar lawsuits.
- Over 50% of Tort cases resolved with zero payout.

Current Events: Legal services in response to the Oso mudslide and Tulalip Tribes Litigation. Multiple state agencies involved.

What is the Rate?

- AAG billing rates are calculated individually for each AGO division.
- Current AAG billing rates range from \$18,400 to \$25,900 per AAG FTE per month
- Paralegal billing rate: \$8,100 per PL FTE per month
- Investigator billing rate: \$10,100 per INV FTE per month

Current rates are subject to change (calculations & potential change drivers described later in presentation)

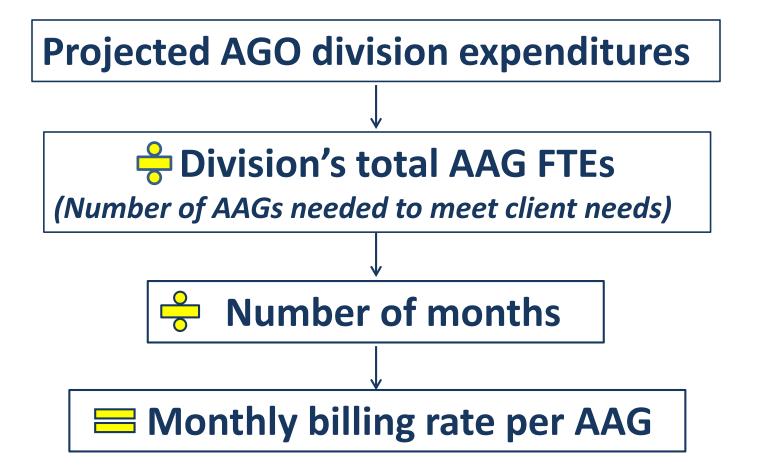
What Does the Client Purchase with this Rate?

- Advice on Legal Matters:
 - *Constitutional and RCW interpretation
 - *Rulemaking guidance and assistance
 - *Policy advice and review
- Lawsuit Services:
 - *Case discovery & investigation
 - *Litigation defense
 - *Appellate court work
- Risk Management: Objective, comprehensive, and expert legal guidance that reduces risk of future liabilities

AAG rates cover the full cost of providing legal services.

Costs include support staff (admin & legal), supplies, travel and 1T.

Overview of Rate Methodology AAG Billing Rates



Overview of Rate Methodology (Cont'd)

How Bills are Calculated

Legal services work is tracked in timesheets Time is converted to FTEs X Rate per FTE Direct litigation costs **Monthly bill to client**

FTE Billing

- Clients are not billed additional costs for time worked in excess of 174 hours a month (average based on 2088 hours per year).
- Clients are only billed when legal services are provided.
- Clients can receive legal services from more than one AGO division.
- All legal services are tracked to reporting categories based on client requirements and types of services provided.

Why is the Rate at its Respective Level?

- ➤ Rates are designed to recover the costs of providing legal services to the client.
- ➤ Costs are as low as possible. (Administrative and other support staff reductions; AAG salaries are less than other government salaries.)
- ➤ Rates developed at the beginning of the biennium do not cover unanticipated or emergent needs such as the Oso Landslide or Skagit River Bridget Collapse.
- ➤ The allocation client agencies receive from the OFM Central Service Model is an <u>estimate</u> based on previous spending levels. A client's actual needs may exceed this estimate.

Future Variables Impacting Rates & Bills

RATES:

- Legislative increase or decrease to costs
- Central Service Model changes
- AAG Recruitment & Retention funding
- Unanticipated / Emergent costs

BILLS:

- Changes in clients need for legal services
- Unanticipated / Emergent litigation
- Expert witnesses, Court Reporters, filing fees