

AGO Legal Services Bill Illustration

Example: This Division has 4 AAGs and 3 Legal Services Revolving Account Client Agencies. Its billing rate to cover costs has been calculated to be \$18,750 per AAG FTE per month. It will bill its clients in total **\$75,000** (\$18,750 x 4) each month to cover costs.

Calculation Steps:

Step One: Collect time sheet data by client & general division activities. Calculate totals.

	AAG 1	AAG 2	AAG 3	AAG 4	Totals
Client A	65	90	100	85	340
Client B	-	-	60	65	125
Client C	80	60	-	-	140
Total client hours by AAG	145	150	160	150	605
General Division Activities*	25	25	30	40	120
Total actual time worked	170	175	190	190	725

Step Two: Calculate weighted client share of all hours worked.

Client A	46.76%	$((65/170+90/175+100/190+85/190)/4)$
Client B	16.45%	$((0/170+0/175+60/190+65/190)/4)$
Client C	20.34%	$((80/170+60/175+0/190+0/190)/4)$
Total	<u>83.54%</u>	

Step Three: Convert values in Step Two to billing percentages.

Client A	55.97%	$(46.76/83.54)$
Client B	19.69%	$(16.45/83.54)$
Client C	24.34%	$(20.34/83.54)$
Total	<u>100.00%</u>	

What does this mean for clients?

- no additional costs for AAG work over 40 hrs/wk
- Low unit cost of legal services

Step Four: Calculate Client bills based on billing percentage.

	Billing percentage	Times total Division AAG FTEs	Share of AAG FTEs	Division Charge per AAG	Total Bill
Client A	55.97%	x4	2.2388	\$ 18,750	\$ 41,978
Client B	19.69%	x4	0.7876	\$ 18,750	\$ 14,768
Client C	24.34%	x4	0.9736	\$ 18,750	\$ 18,255
Total	100.00%		4.0000	\$ 18,750	\$ 75,000

Average Unit Cost: Per hour of client service.

\$ 124 (\$75,000/605 client hours)

* General division activities includes staff meetings, training, management functions, paid leave, etc.