

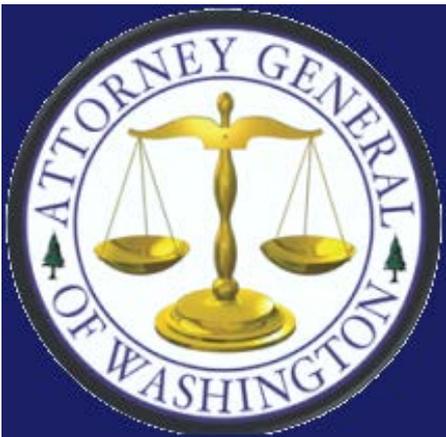
OFFICE OF THE ATTORNEY GENERAL
Attorney General Bob Ferguson

2016 Rate Day

Mark Melroy

AGO Chief Financial Officer

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AGO Overview

The AGO represents all state agencies, about 110 of those agencies receive services every month.

Examples of AGO Client Services

- Child dependency (~6,600 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
- Alaskan Way Viaduct Bored Tunnel Project (Bertha)

AGO Overview (cont'd)

What Does the Client Receive?

- Expert legal services and representation
- Client needs range from a 15 minute advice phone call to multi-biennial court cases (Moore v. HCA, Boldt Culverts)

Cost Avoidance:

- *Rekhter v. DSHS*: \$51,000,000 in prejudgment interest waived.
- Defending State Agencies against high dollar lawsuits.
- Over 60% of Tort cases resolved with zero payout.

*Current Events: Legal services in response to the Oso mudslide.
Multiple state agencies involved.*

What is the Rate?

- **AAG billing rates are calculated individually for each AGO division.**
- **Current AAG billing rates range from about \$15,000 to \$24,000 per AAG FTE per month**
- **Paralegal billing rate: \$7,610 per PL FTE per month**
- **Investigator billing rate: \$9,543 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. The costs include support staff (admin & legal), supplies, travel and IT .

Overview of Rate Methodology

AAG Billing Rates

Projected AGO division expenditures



÷ Division's total AAG FTEs
(Number of AAGs needed to meet client needs)



÷ Number of months



≡ Monthly billing rate per AAG

Overview of Rate Methodology (Cont'd)

How Bills are Calculated

Legal services work is tracked in timesheets

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Time is converted to AAG FTEs

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✘ Rate per AAG FTE

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✚ Direct litigation costs

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≡ Monthly bill to client

FTE Billing

- **Clients are not billed additional costs for time worked in excess of 174 hours a month (avg 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 unit costs of providing legal services to the client.
- Unit costs have been driven 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 *AR & BE v. Teeter (Hepatitis C related)*.
- The allocation agencies receive from the OFM Central Service Model is an estimate 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