

***OFFICE OF THE ATTORNEY GENERAL***  
***Attorney General Bob Ferguson***

**2018 Rate Day**

**Edd Giger**

**AGO Budget Director**

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# 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 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

↓  
Time is converted to FTEs

↓  
✖ 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 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