



Oregon Department of Justice
Ellen F. Rosenblum, Attorney General

**2023 Joint Committee on Ways & Means
Subcommittee Presentation
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Department of Justice Legal Rate Model

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Billing Process and Rate Model Overview

- What is DOJ's statutory billing authority?
- What are DOJ's Legal Divisions?
- What is the Legal Fund?
- How does the billing process work?
- How does DOJ determine the Legal Services rate?
- What factors affect the legal rate?



DOJ's statutory billing authority

- **180.160 Charges for services to public agencies; rules.**
 - Provides that DOJ may charge agencies and other public bodies for rendering legal assistance.
- **180.170 Billing for services to public agencies.**
 - Provides that DOJ shall estimate biennial expenses in advance and invoice agencies and other public bodies for their share of these expenses. Provides for adjusting future invoices for prior differences between actual and estimated expenses.
- **The hourly billing rate is not set in statute. It is developed in conjunction with the development of the biennial budget.**



Eight Programs Funded by Legal Rate

- Legal Divisions:
 - Appellate
 - Trial
 - General Counsel
 - Administrative Services
 - Attorney General's Office
 - Child Advocacy
 - Civil Enforcement – Legal
 - Criminal Justice – Legal



Our external clients

- State Officers and Agencies
- Governor's Office
- Judicial Department
- Legislature
- Boards and Commissions



Our largest clients

- Department of Health Services (DHS)
- Department of Justice (DOJ)
- Department of Administrative Services (DAS)
- Oregon Health Authority (OHA)
- Department of Transportation (ODOT)
- Department of Revenue

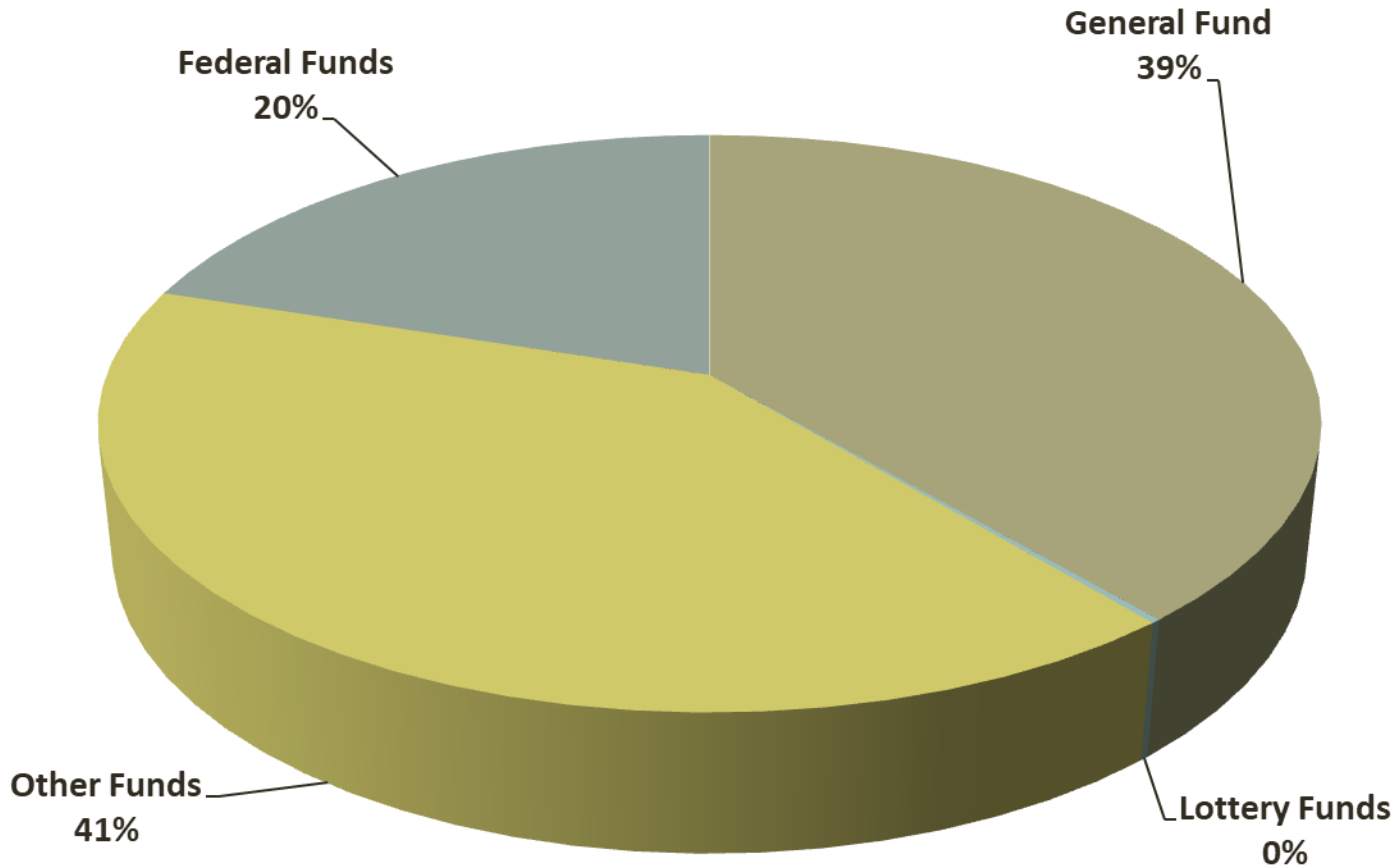


Our Internal Programs

- Defense of Criminal Convictions
- Consumer Protection Programs
- Any DOJ division that needs legal services from another division



Listing of Agency Funding Sources to Pay DOJ Legal Fees



What is the Legal Fund?

The Legal Fund is an internal service fund which records the revenues and expenses for providing Legal Services to state government.



Purpose of Billing for Legal Services?

- 1) To allocate costs to reveal the true cost of operating a state agency.
- 2) To ensure that all funding sources pay their share of costs. Federal Funds pay 20% of DOJ legal service billings.

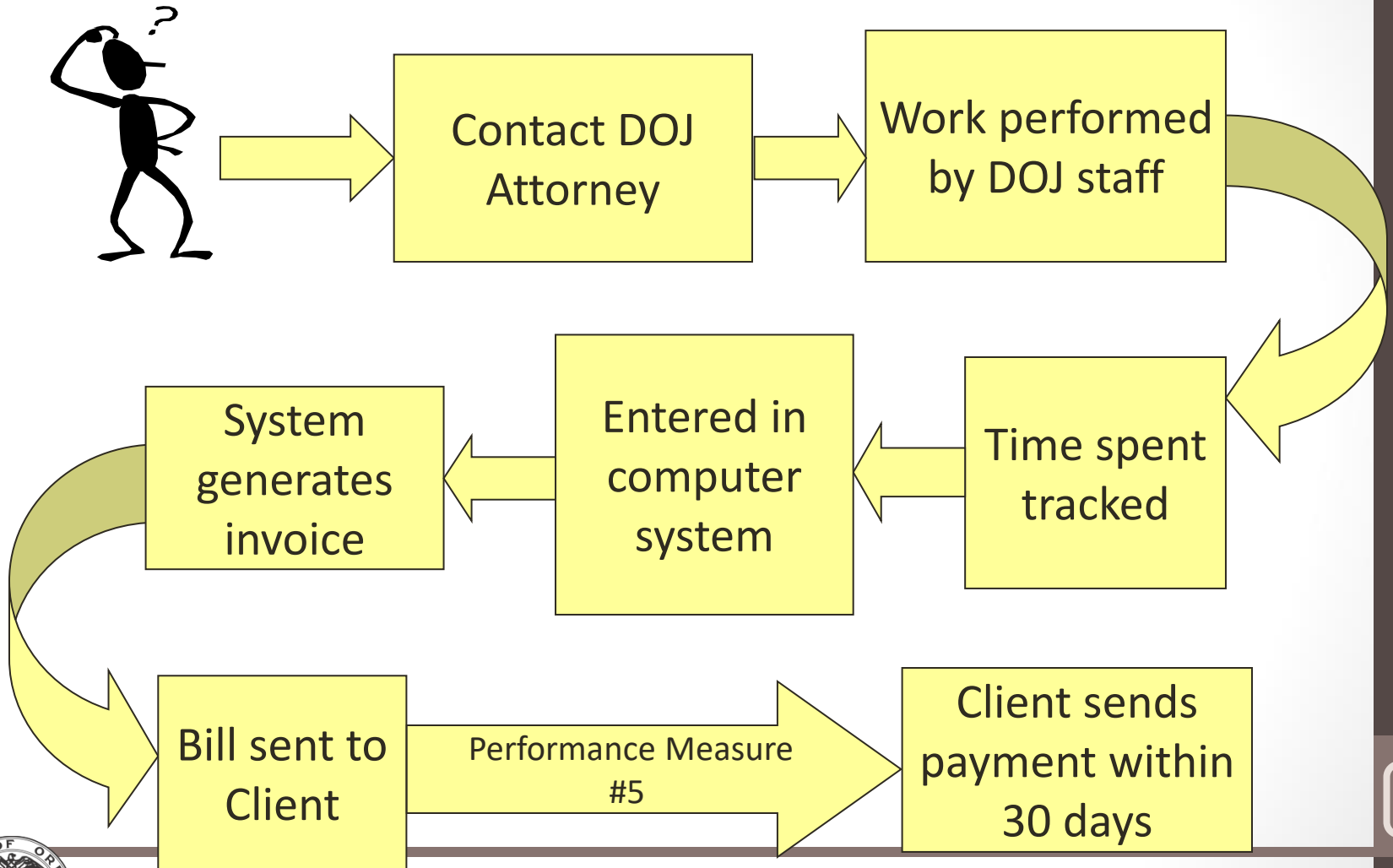


Legal Fund Budget Model:

- Other Funds expenditure limitation to hire employees and pay operating costs.
- The legal rate billed to client agencies has to be adequate to fund:
 - The attorney, staff and benefits
 - Contribute to division, agency and state operating costs for supplies, services, technology, rent, capital items and administrative costs.



How does the billing process work?



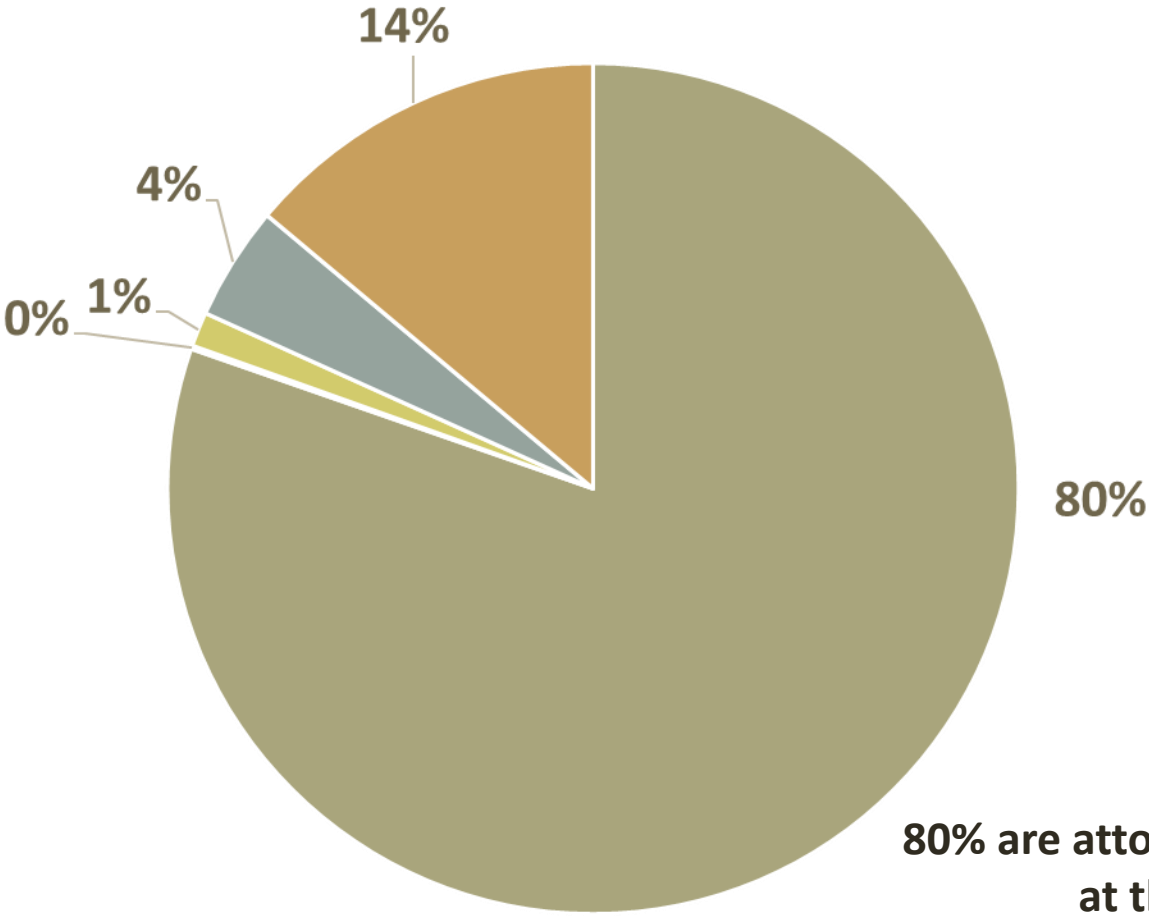
Variety of Billable Positions & Rates

- DOJ's 2021-23 billing rates differ by type of biller:

<u>Biller type</u>	<u>Rate</u>	<u>FTE</u>	<u>Std. Hrs./Biennium</u>
• Attorneys	\$242/hr	278.58	3,155
• Honors Attys	\$242/hr	10.00	2,950
• Attys in Charge	\$242/hr	21.85	1,575
• Assist Attys in Chg	\$242/hr	15.97	2,365
• Investigators	\$144/hr	3.80	2,685
• Paralegals	\$ 121/hr	82.54	2,467
• Law Clerks	\$ 65/hr	43.54	1,248
• Clerical	\$ 56/hr	4.00	1,438



FY 2022 - Billable Hours by Position Type



80% are attorney hours billed at the same rate.

■ Attorney ■ Clerical ■ Investigator ■ Law Clerk ■ Paralegal Srvc



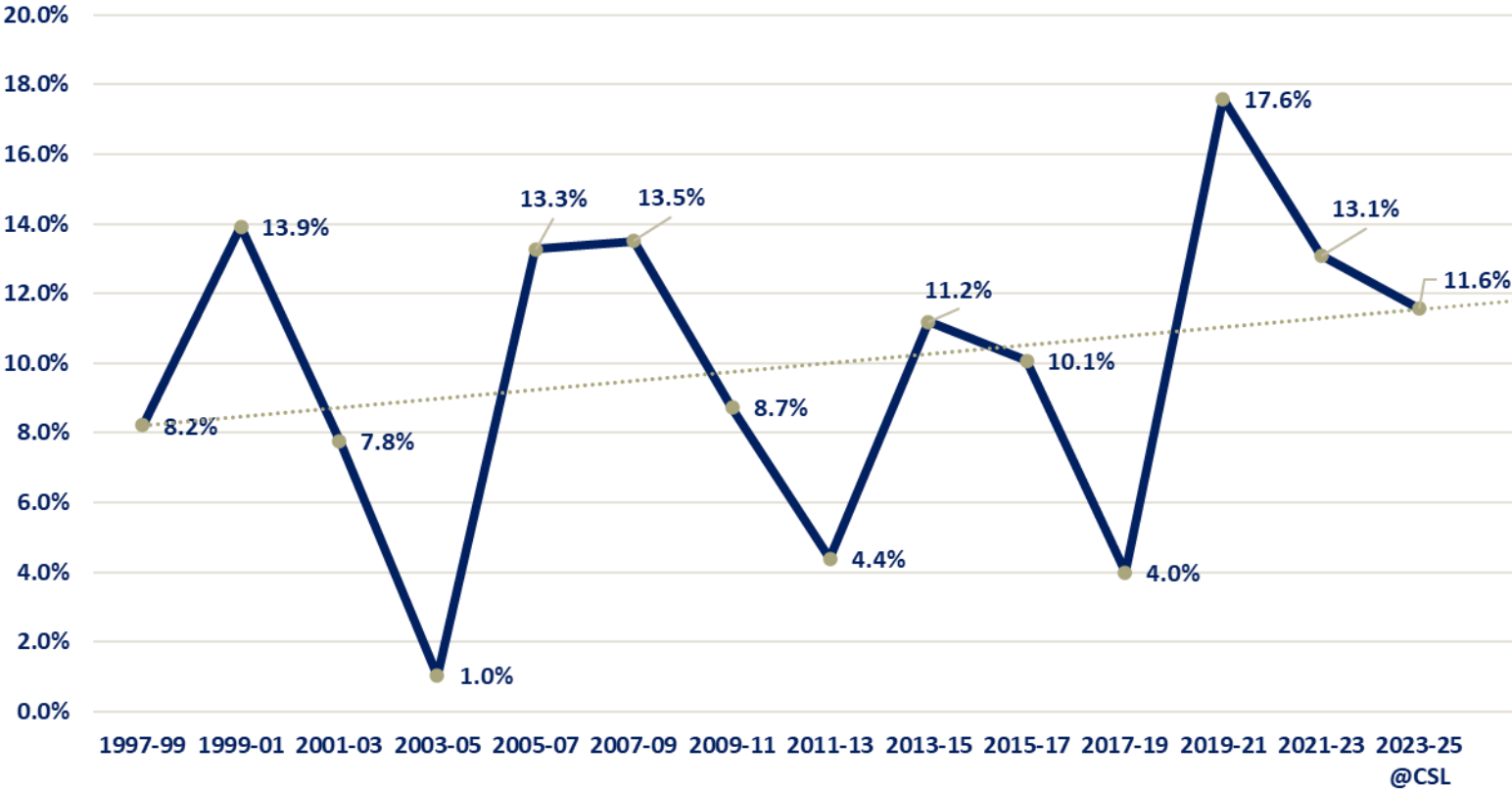
State of Oregon – Department of Justice

Legal Fund - Fiscal Year End Accounts Receivable Balance



State of Oregon – Department of Justice

Legal Rate Percentage Increases



How does the Department of Justice determine the Legal Rate?



Legal Rate – Two Components

Direct Cost of the Hours of Work

Plus

Division Overhead *

* - Overhead includes non-billable hours, division operating costs, administrative assessments the department receives for technology, telecommunications, rent, insurance, accounting and human resources.



Calculation of Attorney General Rate

$$\text{Rate}^* = \frac{\text{Projected total cost of legal service divisions}}{\text{Projected number of billable hours}}$$

* - Rate is actually assigned as part of Legislative session budget work.



Calculating the billing rate needed to provide legal services

2021-23 Legislatively Adopted Budget (LAB)

Changes to 2021-23 LAB (e.g., short session and E-boards)

Updates to prepare 2023-25 CSL (base adjustments and essential packages such as inflation & phase-outs)

Assumptions related to 2023-25 compensation (COLAs, flexible benefits, PERS rates)

Policy packages and working capital adjustment

= 2023-25 expenditures

Divided by projected billable hours = 2023-25 billing rate



Attorney General billing rate

- The AG billing rate is the dollar amount charged to DOJ's client agencies and internal accounts for one hour of legal work.

• Biller Type	2019-21	2021-23	2023-25 ARB	2023-25 CSL
• Attorneys	\$214/hr	\$242/hr	\$293/hr	\$ 260/hr
• Paralegals	98/hr	110/hr	121/hr	121/hr
• Investigators	126/hr	134/hr	144/hr	144/hr
• Law Clerks	55/hr	60/hr	65/hr	65/hr
• Clerical	49/hr	52/hr	56/hr	56/hr

- The billing rate is calculated to generate revenue that will match the projected expenditures and working capital need.



Costs Affecting the Legal Rate

Direct Costs

Salaries and benefits for Legal Divisions

Services and supplies for Legal Divisions

Capital outlay for Legal Divisions

DOJ Central Service Costs

Administrative services related to Legal Divisions

External Fixed Costs

Costs assessed by State Government Service Charges attributable to the Legal Divisions



How Can Adding Attorneys Reduce the Hourly Rate for Legal Services?



Factors Affecting the Legal Rate

Decreases to the Hourly Rate: 

Add an Attorney or any billable position.

Reduce non-billable positions.

Reduce other costs and administrative assessments.

Increases to the Hourly Rate: 

Reduce Attorney or any billable positions.

Increase non-billable positions.

Increase other costs or administrative assessments.



Key Performance Measure

- Percentage of legal billing receivables collected within 30 days.
- Fiscal Year 2020 – 91%
- Fiscal Year 2021 – 90%
- Fiscal Year 2022 – 92%
- Some agencies are heavy consumers of DOJ legal services. These agencies have many programs with multiple funding sources. They need time to obtain payment information and approvals and occasionally they have questions about their invoice.



Questions???

