

# BUDGET LETTER

		<b>NUMBER:</b>	BL 19-30
<b>SUBJECT:</b>		<b>DATE ISSUED:</b>	October 16, 2019
ATTORNEY GENERAL'S LEGAL SERVICES RATE INCREASES FOR CLIENT DEPARTMENTS		<b>SUPERSEDES:</b>	BL 08-29
<b>REFERENCES:</b>			
GOVERNMENT CODE SECTION 11044(B)			

TO: Agency Secretaries  
 Department Directors  
 Departmental Budget and Accounting Officers  
 Department of Finance Budget and Accounting Staff

FROM: DEPARTMENT OF FINANCE

This Budget Letter (BL) addresses fiscal year 2019-20 increased legal services rates for services provided to state departments and agencies by the Department of Justice (DOJ).

<b>Deadlines and Deliverables</b>	
<b>October 25, 2019</b>	Complete and return Attachment I to your Finance Budget Analyst

## Background

Government Code §11044(b) requires the Attorney General, who oversees DOJ, to charge an amount sufficient to recover the costs incurred for legal services provided to state departments and agencies. The previous hourly rates, which had been in place since July 1, 2009, were \$170 for attorney services, \$120 for paralegal services, and \$99 for auditor and research analyst services. Costs for providing legal services have increased over the last 10 years and an increase in the legal services rates is needed for DOJ to recover its costs. Effective September 1, 2019, the Attorney General increased the hourly rates to \$220 for attorney services, \$205 for paralegal services, and \$195 for auditor and research analyst services. State departments receiving services from DOJ are subject to these rates.

Control Section 5.00 of the Budget Act of 2019 authorizes the Department of Finance to adjust any item of appropriation to reimburse DOJ for legal services provided to client agencies in the current year. To accomplish this, Finance has estimated the increase in costs for departments using the two-year average (fiscal years 2017-18 and 2018-19) of billable hours for legal services provided by DOJ, multiplied by the incremental increase in the respective rate. Below is an example of the calculation.

<b>Legal Services</b>	<b>Two-Year Average of Billable Hours</b>	<b>Incremental Increase in the Rate</b>	<b>Total Increase</b>
	<b>A</b>	<b>B</b>	<b>A x B=C</b>
Attorney	100 hours	\$50/hour	\$5,000
Paralegal	50 hours	\$85/hour	\$4,250
Analyst	25 hours	\$96/hour	\$2,400

This BL is only intended to address increased costs as a result of the new rates, and not address any new or increased services provided by DOJ.

**Instructions—Impact of Increased Legal Services Rates (Attachment I)**

Finance Budget Analysts will provide departments with the estimated increase in costs for DOJ legal services no later than **October 18, 2019**, and departments must use this information to complete Attachment I.

Attachment I will be used by departments to provide scheduling information for purposes of augmenting budgets in the current and budget year, and to identify the department's ability to absorb the costs within existing departmental resources. Departments must complete and submit Attachment I to their respective Finance Budget Analyst for approval as soon as possible, but no later than **October 25, 2019**.

Further instructions on how to enter the approved adjustment in Hyperion will be provided by Finance Budget Analysts.

If you have questions regarding this BL, please contact your Finance Budget Analyst.

/s/ Amy Jarvis

Amy Jarvis  
Program Budget Manager

Attachment