

BUDGET LETTER

NUMBER: BL 04-37
DATE ISSUED: November 22, 2004
SUPERSEDES:

SUBJECT: CONTROL SECTION 5.30: ATTORNEY RATE INCREASES FOR DEPARTMENTS WITH SPECIAL OR NON-GOVERNMENTAL COST FUNDS

REFERENCES:

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

FROM: DEPARTMENT OF FINANCE

This Budget Letter addresses increases in 2004-05 for special or non-governmental cost fund appropriations only and increases in 2005-06 for special, nongovernmental cost and federal fund, or reimbursement appropriations for attorney services provided to departments and agencies by the Department of Justice (DOJ).

A. Background

Control Section 5.30

Control Section 5.30 of the 2004 Budget Act authorizes the augmentation of special fund and non-governmental cost fund appropriations as necessary to fund any rate increase by the DOJ for attorney services provided to State entities during the 2004-05 fiscal year. An augmentation approved by the Department of Finance (Finance) may be made not sooner than 30 days after notification to the Joint Legislative Budget Committee. The augmentation may only be made if the fund has a sufficient reserve balance to cover the augmentation without a fee increase.

Standard Attorney General Legal Services Rates

Government Code 11044 authorizes the Attorney General to charge an amount sufficient to recover the costs incurred in providing legal services to State agencies. Effective July 1, 2004, the Attorney General increased the rate to \$139 per hour for standard attorney services and \$91 per hour for paralegals. The rates will increase to \$146 per hour for attorneys and \$92 per hour for paralegals beginning July 1, 2005. Departments receiving services from the DOJ under a memorandum of understanding are subject to these rates.

Augmentations in 2004-05 and 2005-06

In order to provide departments with additional expenditure authority in the current and budget years for DOJ legal services costs, Finance must determine the amount by which projected DOJ charges exceed the amounts budgeted. Departments must ensure that sufficient fund balances are available to accommodate the requested augmentation. Upon Finance's verification of a sufficient fund balance, augmentations will be built into the 2005-06 Governor's Budget.

B. Instructions

Attachment I reflects attorney hours projected by DOJ for 2004-05 and 2005-06, based on the historical average. The hours are DOJ's estimate of all billable hours, regardless of fund source.

Attachment II contains a worksheet to calculate the total costs associated with the rate increases in the current and budget years and to indicate funding allocation. Attachment III illustrates how departments should reflect the requested adjustments in their Schedule 10s. Attachment IV is necessary in order to process a budget Executive Order for current year augmentations. Attachment V reflects current and budget year baseline adjustments that will be entered on Line 0700 in the Planning Estimates. Using the projected hours **and supplying the amounts budgeted for AG legal services**, departments need to determine the level of billable hours that are funded from special funds, non-governmental cost funds, federal funds or reimbursements, and General Fund. Federal funds and reimbursements can be adjusted for 2005-06, but they are not eligible to receive an augmentation through Control Section 5.30. Therefore, any current year increase in expenditure authority for those funding sources can be addressed through the authority in Section 28.00 and Section 28.50 of the 2004 Budget Act. For any billable hours that are funded from the General Fund, departments will not be eligible to receive an augmentation for 2004-05 or 2005-06. **In order to receive an augmentation for either 2004-05 or 2005-06, the fund balance must be sufficient to cover the augmentation without a fee increase.**

Should departments submit a funding amount in Attachment II that is based on a greater amount of hours than reflected in Attachment I, departments must provide their Finance Budget Analyst with both supporting documentation and an explanation justifying the higher request.

Attachment III provides an example to illustrate how departments are to post these allocations to their current year Schedule 10s.

C. Due Date

Departments are required to return all legal service rate worksheets to their respective Finance Budget Analysts as soon as possible but **no later than November 30, 2004.**

Any questions regarding provisions of, or attachments to, this Budget Letter should be directed to either Amy Hicks or Keith Gmeinder of the Department of Finance, Corrections/General Government Unit, at (916) 445-8913.

/s/ Veronica Chung-Ng

Veronica Chung-Ng
Program Budget Manager

Attachments

Billable Attorney and Paralegal Hours Projected by the Department of Justice For All Funds

Org	Department	Billable Attorney Hours	Billable Paralegal Hours
0250	Judicial Council of California	8,325.38	283.50
0520	Business, Transportation & Housing	0.25	
0690	Office of Emergency Services	788.25	111.25
0840	State Controller's Office	463.50	187.82
0845	Department of Insurance	13,961.64	49.25
0850	California State Lottery	1,532.42	83.00
0860	Board of Equalization	2,583.00	519.75
0890	Secretary of State	46.00	
0950	State Treasurer	3,014.02	372.56
0956	Debt Advisory Commission	248.58	
0959	Debt Limit Allocation	26.75	
0974	Pollution Control Finance	704.00	
0977	California Health Facilities Finance	736.77	
0985	School Finance Authority	3.00	
1100	California Science Center	6.25	
1110	Department of Consumer Affairs	188,323.19	31,751.71
1700	Department of Fair Employment & Housing	47.00	1.00
1730	Franchise Tax Board	460.50	58.75
1760	Department of General Services	14,051.93	3,675.01
1880	State Personnel Board	39.75	1.50
1900	Public Employees' Retirement System	3,640.30	99.75
1920	State Teachers Retirement Systems	30.75	99.00
2100	Alcoholic Beverage Control	2,399.17	122.25
2150	Department of Financial Institutions	352.00	14.25
2180	Department of Corporations	0.25	
2240	Department of Housing & Community Development	352.25	
2260	California Housing Finance Agency	45.75	
2310	Department of Real Estate Appraisers	7,319.50	282.25
2400	Department of Managed Care	402.08	
2660	Department of Transportation	1,202.00	77.50
2665	California High-Speed Rail Authority	1,000.00	
2720	California Highway Patrol	27,873.50	3,731.75
2740	Department of Motor Vehicles	26,181.32	934.00
2780	Stephen P. Teale Data Center	246.50	109.00
3210	California Environmental Protection Agency	35.50	4.25
3360	Energy Resources Conservation	63.00	
3480	Department of Conservation	2,582.75	17.00
3540	Department of Forestry & Fire Protection	3,944.50	710.50
3560	State Lands Commission	787.50	
3600	Department of Fish & Game	7,721.29	525.07
3640	Wildlife Conservation Board	325.75	
3680	Department of Boating and Waterways	1,056.00	46.50
3760	State Coastal Conservancy	1,502.75	

Org	Department	Billable Attorney Hours	Billable Paralegal Hours
3790	Department of Parks & Rec	8,519.50	296.50
3860	Department of Water Resources	3,197.85	353.50
3870	California Delta-Bay Authority	4,500.00	748.00
3900	Air Resources Board	6,742.00	222.25
3910	California Integrated Waste Management Board	992.75	
3930	Department of Pesticide Regulation	1,985.50	
3940	Water Resources Control Board	962.00	25.00
3960	Department of Toxic Substances Control	676.75	369.00
4120	Emergency Medical Services Authority	750.25	381.00
4130	Health & Human Services Agency Data Center	55.50	
4140	Statewide Health & Planning Development	208.25	
4200	Department of Alcohol and Drug Programs	679.25	2.00
4250	California Children & Families Commission	554.25	53.00
4260	Department of Health Services	61,196.50	9,146.75
4300	Department of Developmental Services	9,264.00	2,616.75
4440	Department of Mental Health	2,019.00	470.00
5160	Department of Rehabilitation	1,658.50	53.00
5175	Department of Child Support Services	8,141.25	1,843.50
5180	Department of Social Services	9,832.52	1,190.75
5240	Department of Corrections	41,417.13	9,353.50
5440	Board of Prison Terms	636.00	112.50
5450	Youth Authority Parole Board	1,783.50	358.30
5460	Department of Youth Authority	7,284.75	2,425.50
5480	Correction Peace Officer Standards Training	510.75	
6110	Department of Education	3,322.15	225.75
6120	California State Library	750.00	9.50
6360	Commission on Teacher Credentialing	6,582.00	5,848.00
6610	California State University	11,700.61	2,364.55
6870	Board of Governors of the Community Colleges	273.25	13.50
7100	Department of Employment Development	7,979.29	510.50
7120	California Workforce Investment	65.25	
7300	AG Labor Relations	44.50	
7350	Department of Industrial Relations	1,147.25	
8500	Board of Chiropractors	7,134.09	640.75
8550	California Horse Racing Board	1,927.00	30.25
8570	Department of Food & Ag	8,460.00	539.00
8660	Public Utilities Commission	2,027.00	123.50
8700	California Victim Compensation and Government Claims Board	542.25	15.00
8860	Department of Finance	900.25	
8910	Office of Administrative Law	599.25	
8940	Military Department	1,218.25	34.25
8950	Department of Veterans	61.00	

**CONTROL SECTION 5.30 ADJUSTMENTS
TREATMENT OF SCHEDULE 10s**

1. Schedule 10s

The current year (2004-05) Schedule 10s must reflect an adjustment for the attorney rate increase.

Example:

Adjustment per CS 5.30 (Attorney General Legal Services Increased Rates)

Program A	XXX
Program B	XXX
Distributed	<u>-XX</u>
--- Total ---	XXX