



Joint Budget Committee Staff

Memorandum

To: Members of the Joint Budget Committee
From: Name, JBC Staff (303-866-4957)
Date: March 14, 2025
Department: Department of Law
Subject: Legal Services Common Policy Rate and Statewide Allocations

This memo includes the following items:

- Legal Services Common Policy

Legal Services Common Policy

→ Legal Services Common Policy Rate and Statewide Allocations

Request

Annually the Department requests adjustments to the legal rate charged to client agencies, which is used to calculate the final Legal Services appropriations in each state agency based on the average number of legal service hours utilized over the prior three-year period.

On February 7, 2025, the Committee acted on the Department of Law's budget request, including funding for personal services and operating expenses for the Legal Services to State Agencies (LSSA) section of the Long Bill. On March 12, 2025, the Committee acted on compensation common policies, which can have a significant impact to the legal services rate.

To calculate the appropriation to each state agency for the purchase legal services, and the corresponding appropriations to the Department of Law to receive and expend such payments, the Committee needs to approve an hourly legal services rate for FY 2025-26. These rates multiplied by the three-year average hours of legal services provided determines the final appropriations for each agency or program, a recommendation for which is also included in this document.

Recommendation

To date, the Committee has taken action on all common policies that impact the determination of the legal services rate. If budget constraints require the Committee to make changes to any of its other common policy decisions it may impact legal services rates significantly enough to warrant an adjustment to this staff recommendation. Staff is presenting a recommendation based on most recent Committee action. Staff requests permission to adjust the rate in the

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event future changes are *de minimus*, but should the rate change significantly, staff will return with updated calculations and recommendations.

To calculate appropriations for legal services line items statewide, JBC Staff recommends the Committee approve the following rates for FY 2025-26.

| FY 2025-26 Recommended Legal Services Rates | |
|--|----------|
| Attorney rate (see Table 3) | \$146.05 |
| Legal Assistance Rate (see Table 3) | 98.03 |
| Blended rate (see Table 4) | 138.82 |

These rates will also be included in the final footnote that details the General Assembly’s intent on legal service rates, which the Committee will review with the other Footnotes.

Calculation of the Legal Services Billing Rates

Once the cost of operating the LSSA section has been determined through figure setting, this cost must be translated into billing rates that will cover the estimated costs. Appropriations for legal services are calculated using one uniform rate for attorneys and another uniform rate for legal assistants. Staff and the Department calculate these rates as separate components:

- 1 An "attorney" component that covers the salaries and the associated Public Employees' Retirement Association (PERA) and Medicare expenses for the attorneys who supply the legal;
- 2 A "legal assistant" component that covers the salaries and the associated PERA and Medicare expenses for legal assistants who supply the legal services; and
- 3 A "common" component that covers other expenses of the LSSA section, including administrative support staff, the Deputy Attorneys Generals that are funded through the LSSA section and supervise groups of attorneys, operating and litigation expenses, licensing fees, and various other centrally appropriated line items (e.g., Carr Center leased space, employee health benefit expenses, etc.) not included in the personnel costs in the first two components.

The following two tables (1 and 2) compute these components.

| Table 1: Attorney and Legal Assistance Components of the Legal Services Rates | | | |
|--|--------------------------------|--------------------|-------------------------------|
| | A= Salary and Related Costs | B= Hours Billed | A ÷ B = Rate for Component |
| Attorneys | \$46,071,635 | 467,280 | \$98.60 |
| Legal Assistants | 4,187,615 | 82,800 | 50.58 |
| Total Billable Hours | | 550,080 | |

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| Table 2: Common Component of the Legal Services Rate | |
|--|---------------------|
| Total cost of operating the LSSA section | \$76,360,574 |
| Less Salary and related cost of attorneys | -46,071,635 |
| Less Salary and related cost of legal assistants | -4,187,615 |
| A = Common costs | \$26,101,324 |
| B = Total Hours Billed | 550,080 |
| A ÷ B = Common component of hourly rate | \$47.45 |

The total cost of the LSSA section includes allocations of centrally appropriated items, as well as indirect cost recoveries collected by the LSSA section. The recommended change for the common component is \$4.00 higher than FY 2024-25, or a 9.2 percent change.

The hourly legal rates thus computed as follows:

| Table 3: Calculation of Hourly Legal Rates | |
|--|-----------------|
| Attorney component (see Table 1) | \$98.60 |
| Plus Common component (see Table 2) | 47.45 |
| Hourly Attorney Rate | \$146.05 |
| Legal Assistant component (See Table 1) | \$50.58 |
| Plus Common component (see Table 2) | 47.45 |
| Hourly Legal Assistant Rate | \$98.03 |

This compares to the FY 2024-25 attorney rate of \$142.09 (2.8 percent increase) and the legal assistant rate of \$95.25 (2.9 percent increase).

The blended legal rate, which is used to convert the estimated hours to be billed into recommended appropriations for the Long Bill, is calculated using total recommended appropriations and total hours billed:

| Table 4: Calculation of Blended Legal Rate | |
|--|-----------------|
| Total LSSA Section Appropriation | \$76,360,574 |
| ÷ Total Hours Billed | 550,080 |
| = Blended Legal Rate | \$138.82 |

The blended legal rate for FY 2025-26 represents an increase of \$5.08 per hour (3.8 percent increase) compared to the FY 2024-25 blended legal rate of \$133.74. The changes this year are driven primarily by increases related to annualizing prior year compensation decisions and other legislation that carried legal costs. The increased cost for the attorney component of the blended rate was offset by a more modest increase related to the common component of the blended rate and a slight reduction in the legal assistant component.

Approving JBC staff recommendation will result in the follow amounts being allocated through the Long bill legal services line items. The amounts below are the TOTAL amounts appropriated to the line items in each agency, not the incremental change between FY 2024-25 and FY 2025-26. While the final General Fund impact will be included in the JBC Staff Director’s next General Fund Overview, it is estimated that 38.2 percent of statewide legal services appropriations originate as General Fund.

| Table 5: Recommended Legal Services Allocation by Agency | | |
|--|---|---------------------------------------|
| Long Bill Department | Client Agency | FY 2025-26 Total Funds Recommendation |
| Agriculture | Agriculture and State Fair | \$1,018,672 |
| Corrections | Corrections | 3,735,644 |
| Early Childhood | Early Childhood | 1,431,001 |
| Education | Education | 1,256,185 |
| Governor | Governor's Office | 1,240,673 |
| Governor | Governor's Energy Office, Legal Services | 1,523,341 |
| Governor | Governor's Energy Office enterprise | 16,178 |
| Governor | Office of Information Technology | 534,821 |
| Health Care Policy and Financing | Health Care Policy and Financing | 2,824,915 |
| Human Services | Human Services | 6,073,577 |
| Judicial | Judicial | 85,273 |
| Judicial | Alternate Defense Council | 65,208 |
| Judicial | Statewide Behavioral Health Court Liaison (BRIDGES) | 117,074 |
| Judicial | Child Protection Ombudsmen | 37,525 |
| Judicial | Child Representation | 0 |
| Judicial | Independent Ethics Commission | 104,165 |
| Judicial | Attorney Regulation Counsel | 115,796 |
| Judicial | Public Defender | 53,100 |
| Judicial | Office of the Public Guardianship | 308,551 |
| Judicial | Respondent Parents Counsel | 32,957 |
| Judicial | Judicial Discipline | 24,740 |
| Labor and Employment | Labor and Employment | 1,249,404 |
| Law | Law | 263,241 |
| Legislature | General Assembly | 15,706 |
| Local Affairs | Local Affairs | 1,385,051 |
| Military and Veterans Affairs | Military and Veterans Affairs | 106,028 |
| Natural Resources | Natural Resources | 8,248,791 |
| Personnel | Personnel and Administration | 407,556 |
| Personnel | Personnel Board | 2,224 |
| Personnel | Risk Management And Workers Compensation | 9,683,752 |
| Public Health and Environment | Public Health and Environment | 6,160,063 |
| Public Safety | Public Safety | 1,322,245 |
| Regulatory Agencies | Regulatory Agencies | 17,612,668 |
| Revenue | Revenue | 6,167,197 |
| State | State | 1,518,847 |
| Transportation | Transportation | 3,345,270 |
| Treasury | Treasury | 159,896 |
| Total | | \$78,247,335 |

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| Table 6: Recommended Legal Services Allocation by Higher Ed Agency | | |
|--|--|---------------------------------------|
| Long Bill Department | Client Agency | FY 2025-26 Total Funds Recommendation |
| Allocations that appear in Long Bill | | |
| Higher Education | Commission on Higher Education | \$70,374 |
| Higher Education | State Historical Society of Colorado | 81,826 |
| Higher Education | Private Vocational Schools | 43,794 |
| Allocations that do not appear in the Long Bill | | |
| Higher Education | Arapahoe Community College | \$5,143 |
| Higher Education | Adams State University | 118,005 |
| Higher Education | Auraria Higher Education Center | 142,044 |
| Higher Education | Board of Governors | 0 |
| Higher Education | Aurora Community College | 0 |
| Higher Education | Community College of Denver | 140,744 |
| Higher Education | CCCOES | 6,944 |
| Higher Education | Colorado State University | 650,438 |
| Higher Education | University of Colorado - Boulder | 115,844 |
| Higher Education | University of Colorado - Denver | 0 |
| Higher Education | University of Colorado - Health Science | 0 |
| Higher Education | State Colleges Employee Disability Insurance Trust | 16,539 |
| Higher Education | Fort Lewis College | 14,027 |
| Higher Education | Front Range Community College | 0 |
| Higher Education | College Assist | 0 |
| Higher Education | Institute of Cannabis Research | 1,807 |
| Higher Education | Lamar Community College | 0 |
| Higher Education | Metropolitan State University of Denver | 0 |
| Higher Education | Colorado School of Mines | 0 |
| Higher Education | Colorado Mesa University | 230,748 |
| Higher Education | University of Northern Colorado | 146,938 |
| Higher Education | Northwestern Community College | 0 |
| Higher Education | Collegeinvest | 0 |
| Higher Education | Otero Junior College | 0 |
| Higher Education | Auraria Parking Enterprise | 0 |
| Higher Education | Pikes Peak Community College | 22,099 |
| Higher Education | Pueblo Community College | 0 |
| Higher Education | Red Rocks Community College | 21,265 |
| Higher Education | Colorado State University - Pueblo | 15,755 |
| Higher Education | Colorado Scholarship Initiative | 0 |
| Higher Education | Trinidad State Junior College | 4,865 |
| Higher Education | Western State Colorado University | 163,822 |
| Higher Education | CSU Global | 0 |
| Higher Education | Northeastern Junior College | 0 |
| Higher Education | Colorado Mountain College | 9,451 |
| Higher Education | Morgan Community College | 0 |
| Higher Education | University of Colorado - Colorado Springs | 0 |
| Total – All Higher Education | | \$2,022,472 |