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MEMORANDUM

Date: July 28, 2021

To: Honorable Chairman John Daley, Cook County Board of Commissioners
Honorable Cook County Board of Commissioners

CC: Lanetta Haynes Turner, Chief of Staff
Amy Crawford, Civil Actions Bureau Deputy Chief
Annette Guzman, Budget Director
Deanna Zalas, Risk Management Director

From: Ammar M. Rizki, Chief Financial Officer, Bureau of Finance *AMR*

Subject: **Fiscal Impact Note on Item #21-3130 State's Attorney
Amendment**

In accordance with Sec. 2-77 of the Cook County Code of Ordinances, this note is prepared to convey the fiscal impact of item **#21-3130 State's Attorney Amendment**.

Ordinance #21-3130 changes the rate structure at which Special State's Attorneys (SSAs) and Special Assistant State's Attorneys (SASAs), are paid by the County. It requires pre-approval for certain costs, including experts charging more than \$500/hour, and forbids reimbursements for food or clerical work. The maximum rate at which attorneys can be paid moves from \$185/hour to \$290/hour. Paralegals move from a cap of \$65/hour to \$90/hour. The rate changes will only affect new engagements. This ordinance will be effective immediately upon passage.

The largest fiscal impact of this ordinance is estimated to be caused by the changing rate structure. Many attorneys and paralegals are already paid above the previous rate structure with the approval of the Litigation Subcommittee. It is anticipated that the proportion of attorneys and paralegals making below the new cap will increase rates to grow with inflation. The need for pre-approval for large expenses and new limitations on what attorneys can reimburse were found to have a negligible fiscal impact.

The impact of this ordinance is largely dependent on the extent to which new engagements are approved to increase their rate. Conversations with the State's

Attorney's Office suggest that new engagements in 2021 will have an average of a 10% rate increase within those making below the new cap. Following 2021, this 10% increase is anticipated to grow with inflation, estimated as 2.71%, meaning new engagements in 2022 would have a 12.71% rate increase, new engagements in 2023 a 15.4% rate increase and so on, as compared to the estimated average rate over the past three years. Averaging the life of an engagement as 24 months, there will be a fiscal impact of \$115,500 in FY2021 and a cumulative fiscal impact of \$1.6 million through FY2023; at which point all engagements are expected to see the 10% increase, along with inflation concurrent with the year their engagement began. If rates continue to increase with inflation, the fiscal impact will continue to grow by \$187,800 annually in FY2024 and onwards, until a new rate cap is put in place, or all attorneys and paralegals reach the new rate cap. These calculations can be seen in the Litigation Expenses table below. In a maximum impact scenario, in which all new engagements are offered the new maximum rate, the annual fiscal impact would be \$3.1 million once all current engagements have expired.

In total, the fiscal impact is expected to be \$1.6 million through FY2023, and an annual fiscal impact of \$1.2 million in FY24, to grow with inflation until a new rate cap is established or attorneys and paralegals all reach their maximum rate.

LITIGATION EXPENSES

	Invoice Sample Cost	Proportion of Cost	Estimated Annual Cost	FY21 Estimated Cost	FY22 Estimated Cost	FY23 Estimated Cost	FY24 Estimated Cost
ATTORNEYS - LESS THAN \$290/HOUR	\$ 648,400	57%	\$ 6,838,300	\$ 6,952,300	\$ 7,386,900	\$ 7,800,100	\$ 7,985,400
ATTORNEYS - \$290/HOUR OR MORE	\$ 387,900	34%	\$ 4,091,400	\$ 4,091,400	\$ 4,091,400	\$ 4,091,400	\$ 4,091,400
PARALEGALS/LEGAL ASSISTANTS - LESS THAN \$90/HOUR	\$ 8,700	1%	\$ 92,100	\$ 93,600	\$ 99,500	\$ 105,000	\$ 107,500
PARALEGALS/LEGAL ASSISTANTS - \$90/HOUR OR MORE	\$ 11,500	1%	\$ 121,300	\$ 121,300	\$ 121,300	\$ 121,300	\$ 121,300
OTHER -- DISBURSEMENTS, TRAVEL, PHOTOCOPY, ETC.	\$ 77,700	7%	\$ 819,200	\$ 819,200	\$ 819,200	\$ 819,200	\$ 819,200
TOTAL			\$ 11,962,200	\$ 12,077,700	\$ 12,518,100	\$ 12,937,000	\$ 13,124,800
ANNUAL FISCAL IMPACT OF ORDINANCE 31-30				\$ 115,500	\$ 555,900	\$ 974,800	\$ 1,162,600