



EXECUTIVE SUMMARY
Government of Guam Legal Fees and Services Analysis
Report No. 19-05, August 2019

Our analysis of the cost of legal fees and services of Government of Guam (GovGuam) agencies, autonomous and semi-autonomous agencies, and public corporations identified \$78 million (M) was spent on legal services from fiscal year (FY) 2013 to FY 2018. Specifically, we identified:

- 21 GovGuam entities paid \$32.6M to contracted legal firms;
- Seven GovGuam entities spent \$43.8M on government-hired attorneys; and
 - Six GovGuam entities spent \$5.9M on government-hired attorneys.
 - OAG spent \$38M on government-hired attorneys.
- 34 GovGuam entities utilized OAG for legal services and six reimbursed \$1.6M.
- Five GovGuam entities employed attorneys and contracted legal services.

Legal Services Cost Summary

FY	No. of Entities with Contract	Cost of Contract	No. of Attys. Employed	Gov't-Hired Atty. Compensation	No. of Entities Reimbursed OAG	OAG Reimbursement	Total
2013	20	\$3,936,612	60	\$6,250,345	1	\$100,620	\$10,287,578
2014	20	\$4,769,973	65	\$7,312,127	2	\$221,275	\$12,303,376
2015	17	\$4,183,593	63	\$7,138,270	4	\$264,609	\$11,586,471
2016	19	\$5,391,012	65	\$7,448,006	3	\$307,106	\$13,146,124
2017	19	\$6,621,631	64	\$7,626,402	3	\$304,600	\$14,552,633
2018	18	\$7,743,926	65	\$8,048,476	5	\$378,651	\$16,171,054
Total		\$32,646,748		\$43,823,627¹		\$1,576,861	\$78,047,236

21 GovGuam Entities Spent \$32.6M on Contracted Legal Firms

Our analysis found 21 entities paid \$32.6M to contracted legal firms. The top five entities paid \$27.1M of the \$32.6M which are Guam International Airport Authority (GIAA), Port Authority of Guam (PAG), Guam Memorial Hospital Authority (GMHA), Department of Public Health and Social Services (DPHSS), and Guam Waterworks Authority (GWA). Specifically:

1. GIAA initially paid \$17.8M to four law firms, however, they were reimbursed \$13.5M through a written agreement for an ongoing case bringing their cost to \$4.3M;
2. PAG paid one law firm \$5.4M;
3. GMHA paid \$1.4M to two law firms;
4. DPHSS paid \$1.3M to two law firms; and
5. GWA paid \$1.2M to four law firms.

¹ This amount includes OAG's attorney compensation of \$37,957,725.

Top 5 Contracted Legal Services Cost

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	Total
1. GIAA	\$1,510,667	\$1,681,004	\$2,129,530	\$2,856,987	\$4,521,364	\$5,125,395	\$17,824,946
2. PAG	\$868,831	\$842,778	\$841,080	\$919,364	\$963,653	\$928,587	\$5,364,293
3. GMHA	\$278,527	\$318,158	\$225,108	\$215,938	\$175,776	\$188,003	\$1,401,510
4. DPHSS	\$186,095	\$239,393	\$298,936	\$201,330	\$191,336	\$190,889	\$1,307,979
5. GWA	\$10,774	\$546,758	\$25,014	\$298,759	\$19,746	\$345,818	\$1,246,869
Subtotal	\$2,854,894	\$3,628,091	\$3,519,667	\$4,492,378	\$5,871,874	\$6,778,692	\$27,145,597
Others Entities	\$1,081,718	\$1,141,883	\$663,925	\$898,634	\$749,757	\$965,235	\$5,501,151
Total	\$3,936,612	\$4,769,973	\$4,183,593	\$5,391,012	\$6,621,631	\$7,743,926	\$32,646,748

GIAA \$17.8M Initial Legal Services Cost

GIAA had four contracts with four different law firms. Payments for legal services initially was \$17.8M. A case that a law firm (Law Firm A) is handling includes a written agreement for the attorney’s fees reimbursement from the respondent party. The respondent party reimbursed GIAA \$13.5M bringing its legal services cost down to \$4.3M.

GIAA Contracted Legal Services Cost

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	Total
Law Firm A	\$1,416,798	\$1,576,659	\$2,083,368	\$2,834,984	\$4,494,446	\$5,086,918	\$17,493,174
Law Firm B	\$38,509	\$69,389	\$40,669	\$22,004	\$8,151	\$6,603	\$185,325
Law Firm C	\$55,359	\$34,955	\$5,492	\$ -	\$ -	\$ -	\$95,807
Law Firm D	\$ -	\$ -	\$ -	\$ -	\$18,766	\$31,874	\$50,640
Subtotal	\$1,510,667	\$1,681,004	\$2,129,530	\$2,856,987	\$4,521,364	\$5,125,395	\$17,824,946
Reimbursed	(\$755,034)	(\$1,287,648)	(\$1,520,385)	(\$1,884,766)	(\$3,825,038)	(\$4,220,693)	(\$13,493,564)
Net Cost	\$755,633	\$393,356	\$609,145	\$972,221	\$696,326	\$904,702	\$4,331,382

Seven GovGuam Entities Spent \$43.8M on Government-Hired Attorneys

Our analysis found seven GovGuam entities spent \$43.8M on government-hired attorneys. Six entities, including Guam Department of Education (GDOE), Department of Administration (DOA), University of Guam (UOG), Guam Power Authority (GPA), GWA, and Civil Service Commission (CSC) spent \$5.9M for their in-house counsel. The OAG spent \$38M for their attorneys.

GovGuam Attorney Compensation and No. of Attorneys

	FY 2013	Atty.	FY 2014	Atty.	FY 2015	Atty.	FY 2016	Atty.	FY 2017	Atty.	FY 2018	Atty.	Total
GDOE	\$166,220	2	\$258,396	3	\$185,656	2	\$192,428	2	\$200,183	2	\$214,286	2	\$1,217,169
DOA	\$169,963	1	\$180,622	1	\$179,847	1	\$178,973	1	\$181,792	1	\$183,895	1	\$1,075,092
UOG	\$162,644	1	\$169,152	1	\$168,413	1	\$176,634	1	\$173,650	1	\$175,469	1	\$1,025,962
GPA	\$128,080	1	\$147,522	1	\$139,877	1	\$156,691	1	\$179,333	1	\$172,880	1	\$924,383
GWA	\$145,037	1	\$147,990	1	\$149,878	1	\$130,392	2	\$149,501	1	\$151,885	1	\$874,683
CSC	\$105,042	1	\$213,367	2	\$108,325	1	\$106,343	1	\$110,493	1	\$105,042	1	\$748,612
Subtotal	\$876,986	7	\$1,117,049	9	\$931,996	7	\$941,461	8	\$994,952	7	\$1,003,457	7	\$5,865,901
OAG	\$5,373,359	53	\$6,195,078	56	\$6,206,274	56	\$6,506,545	57	\$6,631,450	57	\$7,045,019	58	\$37,957,725
Total	\$6,250,345	60	\$7,312,127	65	\$7,138,270	63	\$7,448,006	65	\$7,626,402	64	\$8,048,476	65	\$43,823,626

34 GovGuam Entities Utilized OAG for Legal Services, Six Reimbursed OAG \$1.6M

Our analysis identified 34 GovGuam entities utilized the OAG for legal services. Of these 34 entities, six reimbursed the OAG \$1.6M for legal services. See table below for details.

OAG Reimbursement for Legal Services

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	Total
DPW	\$100,620	\$177,813	\$156,651	\$196,285	\$187,472	\$126,975	\$945,816
CLTC	\$ -	\$43,462	\$105,511	\$106,819	\$112,938	\$121,297	\$490,027
GEPA	\$ -	\$ -	\$ -	\$ -	\$ -	\$116,375	\$116,375
PEALS	\$ -	\$ -	\$2,375	\$4,002	\$4,190	\$5,252	\$15,819
DOC	\$ -	\$ -	\$ -	\$ -	\$ -	\$8,753	\$8,753
CLB	\$ -	\$ -	\$72	\$ -	\$ -	\$ -	\$72
Total Reimbursed	\$100,620	\$221,275	\$264,609	\$307,106	\$304,600	\$378,652	\$1,576,862

Five GovGuam Entities Employed Attorneys and Contracted Legal Services

In our analysis, GWA, GPA, UOG, GDOE, and CSC concurrently employed and contracted attorneys for their legal services. The aggregate amount totaled \$7.7M with \$4.8M for attorney compensation and \$2.9M for legal services contract with 13 law firms.

Attorney Compensation and Contract Legal Services Cost

Fiscal Year	GWA		GPA		UOG		GDOE		CSC		Total
	Sal. & Ben.	Contract	Sal. & Ben.	Contract	Sal. & Ben.	Contract	Sal. & Ben.	Contract	Sal. & Ben.	Contract	
2013	\$145,037	\$10,774	\$128,080	\$161,920	\$162,644	\$45,532	\$ 166,220	\$ -	\$ 105,042	\$5,000	\$930,250
2014	\$147,990	\$546,758	\$147,522	\$148,472	\$169,152	\$58,117	\$ 258,396	\$ -	\$ 213,367	\$5,000	\$1,694,774
2015	\$149,878	\$25,014	\$139,877	\$118,436	\$168,413	\$98,343	\$ 185,656	\$ -	\$ 108,325	\$ -	\$993,942
2016	\$130,392	\$298,759	\$156,691	\$122,206	\$176,634	\$105,730	\$ 192,428	\$51,339	\$ 106,343	\$30,000	\$1,370,523
2017	\$149,501	\$19,746	\$179,333	\$132,137	\$173,650	\$80,722	\$ 200,183	\$60,000	\$ 110,493	\$33,550	\$1,139,315
2018	\$151,885	\$345,818	\$172,880	\$249,429	\$175,469	\$67,848	\$ 214,286	\$ -	\$ 105,042	\$89,000	\$1,571,657
Subtotal	\$874,683	\$1,246,869	\$924,383	\$932,600	\$1,025,963	\$456,292	\$1,217,169	\$111,339	\$ 748,612	\$ 162,550	
Total	\$2,121,552		\$1,856,983		\$1,482,255		\$1,328,508		\$911,162		\$7,700,460²

Conclusion and Recommendation

GovGuam agencies, autonomous and semi-autonomous agencies, and public corporations aggregately spent \$78M on legal services from FY 2013 to FY 2018. In our analysis, 21 GovGuam entities paid \$32.6M to cover for contracted legal services. GIAA initially paid \$17.8M for contracted legal services. The reimbursement of \$13.5M decreased GIAA’s legal services cost to \$4.3M. Six entities that employed government-hired attorneys, including OAG, spent \$43.8M on compensation. Reimbursement to OAG from six entities amounted to \$1.6M.

Although certain GovGuam entities require special counsel to handle particular cases, we noted that it is cost effective to hire in-house attorneys. While each GovGuam entity identifies its needs for legal services, we recommended these entities perform a cost-benefit analysis to determine if it is more feasible to employ government attorneys versus contracting for legal services.


Benjamin J.F. Cruz
Public Auditor

² Salary and Benefits total \$4,790,810 and Attorney Contract totals \$2,909,650.