

FILED

UNITED STATES COURT OF APPEALS

JUN 13 2011

FOR THE NINTH CIRCUIT

MOLLY C. DWYER, CLERK
U.S. COURT OF APPEALS

CALIFORNIA ALLIANCE OF CHILD
AND FAMILY SERVICES,

Plaintiff - Appellant,

v.

JOHN WAGNER, Director of the
California Department of Social Services,
in his official capacity; GREG ROSE,
Deputy Director of the Children and
Family Services Division of the California
Department of Social Services, in his
official capacity,

Defendants - Appellees.

No. 08-16267

D.C. No. CV-06-4095-MHP
Northern California
(San Francisco)

ORDER

Before: Peter L. Shaw, Appellate Commissioner

I
Background

The California Alliance of Child and Family Services (“the Alliance”) filed this action against officials of the California Department of Social Services (“California”) alleging non-compliance with certain requirements of the federal Child Welfare Act (“CWA”), which provides federal funding to the states for

foster care costs.¹ The district court granted California’s motion for summary judgment, finding that the state had substantially complied with the CWA.

The Alliance appealed, and this court reversed the district court’s judgment, holding that California’s payment rate failed to “cover the cost” of group home expenses as required by the CWA. *See Cal. Alliance of Child & Fam. Servs. v. Allenby*, 589 F.3d 1017, 1018 (9th Cir. 2009). The court held that there were no factual disputes and therefore the Alliance was entitled to judgment as a matter of law, and remanded to the district court to determine the proper scope of declaratory and injunctive relief. *Id.* at 1023.

On remand, the district court entered a permanent injunction requiring California to increase its payment rates for group home expenses and to adjust those rates annually. *See Cal. Alliance of Child & Fam. Servs. v. Allenby*, No. CV-06-4095-MHP (N.D. Cal. May 4, 2010) (Amended Judgment). The Alliance filed a motion for an award of attorneys’ fees in the amount of \$606,005.50 and expenses in the amount of \$24,241.20 under the Civil Rights Attorney’s Fees Award Act, 42 U.S.C. § 1988. *See Cal. Alliance of Child & Fam. Servs. v. Allenby*, No. CV-06-4095-MHP (N.D. Cal. May 4, 2010) (Memorandum & Order).

¹ The caption has been amended to reflect the substitution of John Wagner and Greg Rose as defendants-appellees in place of their predecessors, Cliff Allenby and Mary Ault. *See Fed. R. App. Proc.* 43.

II Analysis

A. Attorneys' Fees

The purpose of section 1988 is to ensure “effective access to the judicial process” for persons with civil rights grievances. *See Hensley v. Eckerhart*, 461 U.S. 424, 429 (1983). The statute provides that in federal civil rights actions “the court in its discretion, may allow the prevailing party, other than the United States, a reasonable attorney’s fee as part of the costs.” *Id.* at 426. “The most useful starting point for determining the amount of a reasonable fee is the number of hours reasonably expended on the litigation multiplied by a reasonable hourly rate.” *Id.* at 433.

The Alliance requests attorneys’ fees in the amount of \$388,660 for 819.6 hours of work by the law firm of Bingham McCutchen LLP (“Bingham”) at rates of \$300 to \$850 per hour. California objects that the number of hours and the hourly rates requested are excessive.

1. Number of Hours

a. Hours Requested

On Ninth Circuit Form 9, the Alliance claims the attorneys’ hours were spent on the various tasks as follows:

<u>Task</u>	<u>CAT</u>	<u>DBS</u>	<u>JAL</u>	<u>JAMS</u>	<u>MDM</u>	<u>WFA</u>	<u>Total</u>
Int/Conf	10.3	0	5.3	1.0	13.8	10.5	40.9
Records	16.7	0.5	25.6	0	12.1	0	54.9
Research	45.8	0	54.8	14.1	23.4	0	138.1
Briefs	155.4	14.0	195.2	9.5	71.8	47.4	493.3
<u>Oral Arg</u>	<u>10.1</u>	<u>0</u>	<u>22.5</u>	<u>0</u>	<u>24.8</u>	<u>35.0</u>	<u>92.4</u>
Total	238.3	14.5	303.4	24.6	145.9	92.9	819.6

In an alternate format, the Alliance claims the attorneys' hours were spent on the various tasks as follows:

<u>Task</u>	<u>CAT</u>	<u>DBS</u>	<u>JAL</u>	<u>JAMS</u>	<u>MDM</u>	<u>WFA</u>	<u>Total</u>
Not App	1.1	0	0	0	15.4	0	16.5
Open Br	146.0	14.0	159.7	0	46.5	34.0	400.2
Reply Br	60.7	0	50.2	0	44.7	8.5	164.1
Mot Exp	2.5	0	0	0	1.6	0	4.1
Citation	4.4	0	9.0	0	8.7	2.0	24.1
Oral Arg	16.4	0	22.5	1.0	24.8	35.0	99.7
<u>Mot Fees</u>	<u>7.2</u>	<u>0.5</u>	<u>62.0</u>	<u>23.6</u>	<u>4.2</u>	<u>13.4</u>	<u>110.9</u>
Total	238.3	14.5	303.4	24.6	145.9	92.9	819.6

The Alliance filed a notice of appeal, a civil appeals docketing statement, a 45-page opening brief, two volumes of excerpts of the record, a 20-page reply brief, a two-page letter containing supplemental authority, and the 16-page fee

motion with supporting materials. The Alliance obtained one telephonic extension of time to file the opening brief and appeared at oral argument in San Francisco.

In support of the fee motion, the Alliance presents the declaration of William F. Abrams, Esq., a Bingham partner and the lead counsel on this case, who states that he reviewed the hours recorded by his firm's attorneys in this matter and, based on more than 30 years of litigation experience, he believes that the work performed was necessary for the appeal. Abrams states that he delegated work to lower-billing attorneys and to staff. Abrams also states that he wrote off hours that were duplicative or not necessary, and those hours are not included in the fee request. Abrams does not specify the number of hours by which the fee request was reduced.

b. California's Objections

i. Inflation

California objects that the Alliance's requested hours are inflated, excessive, and not reasonably expended. California argues that the requested hours equal 20-1/2 weeks, or more than five months, of full-time, 40-hours-per-week work, and that its own attorney spent only 138.25 hours, or 17 percent of the Alliance's requested hours, on the appeal. California also argues that "the novelty and difficulty here was not high," and the issues on appeal were "uncomplicated."

Bingham represented the Alliance on a pro bono, contingency basis, and achieved excellent results on an issue of first impression in the Ninth Circuit. This court reversed the district court order granting summary judgment in favor of California, holding that California was not permitted under the CWA to partially “cover the cost” of foster care group home expenses. *See Cal. Alliance of Child & Fam. Servs. v. Allenby*, 589 F.3d at 1023. On remand, the district court entered a permanent injunction requiring California to adjust its group home payment rates annually. *See Cal. Alliance of Child & Fam. Servs. v. Allenby*, No. CV-06-4095-MHP (N.D. Cal. May 4, 2010) (Amended Judgment). The district court also awarded attorneys’ fees and expenses for Bingham’s district court representation of the Alliance. *See Cal. Alliance of Child & Fam. Servs. v. Allenby*, No. CV-06-4095-MHP (N.D. Cal. May 4, 2010) (Memorandum & Order).

“Where a plaintiff has obtained excellent results, his attorney should recover a fully compensatory fee.” *Hensley*, 461 U.S. at 435. California argues, however, that excessive fee awards against government agencies should be avoided because they may adversely affect the people helped by the agencies and divert scarce resources away from beneficial programs. Nevertheless, California’s litigation of this case also depleted scarce government resources, and California’s people and programs will be served by a fully compensatory fee award that permits the

Alliance and its attorneys to bring this and other necessary public interest litigation.

California questions the assertion by Alliance’s attorneys that this work precluded them from taking other cases, arguing that “during one of the worst economic downturns in United States history . . . one might fairly wonder whether the lack of other paying clients actually encouraged the excessive hours Bingham put into this appeal.” California also argues that, despite the contingent nature of the fee recovery here, the Alliance’s attorneys obtained non-monetary value from the good will and publicity that this case generated. The district court rejected these arguments, noting that the Alliance brought this action in 2006, before the current economic downturn began in 2008, and that the Alliance’s attorneys took a financial risk in bringing this litigation regardless of the goodwill and publicity generated. This court also has noted that it is highly unlikely for lawyers to inflate their fees during contingency fee civil rights representations like Bingham’s representation of the Alliance:

It must . . . be kept in mind that lawyers are not likely to spend unnecessary time on contingency fee cases in the hope of inflating their fees. The payoff is too uncertain, as to both the result and the amount of the fee. It would therefore be the highly atypical civil rights case where plaintiff’s lawyer engages in churning. By and large, the court should defer to the winning lawyer’s professional judgment as to how much

time he was required to spend on the case; after all, he won, and might not have, had he been more of a slacker.

Moreno v. City of Sacramento, 534 F.3d 1106, 1112 (9th Cir. 2008). In civil rights cases like this one, where the plaintiffs seek injunctive relief to advance the public interest, “there is no monetary light at the end of the litigation tunnel,” and the court “must strike a balance between granting sufficient fees to attract qualified counsel . . . and avoiding a windfall to counsel.” *Id.* at 1111.

The court strikes this balance by evaluating the requested hours and the record in light of fee requests in similar appeals and California’s objections to the requested hours. “If opposing counsel cannot come up with specific reasons for reducing the fee request that the . . . court finds persuasive, [the court] should normally grant the award in full, or with no more than a haircut. . . . [I]f [the court] is going to make substantial cuts to a winning lawyer’s fee request, it needs to explain why with sufficient specificity.” *Moreno*, 534 F.3d at 1116.³

³ California states in the February 5, 2010 opposition that counsel has “not had time to review . . . in minute detail” Bingham’s lengthy and complex billing statements, but that “such a review could be fruitful and militates for submission” of the attorneys’ fees and expenses determination to the Circuit Mediator. The Appellate Commissioner referred the question of the fees and expenses award to the Circuit Mediator on March 12, 2010, and the mediation concluded on October 20, 2010. But California never filed or requested leave to file supplemental opposition to the Alliance’s motion for attorneys’ fees and expenses, and supplementation now would be untimely.

ii. Staffing

California argues that the Alliance overstaffed the case with six attorneys and contrasts California's representation, which required only one deputy attorney general who was minimally supervised. The Alliance's appeal was staffed by Abrams, the Bingham lead partner with 30 years of experience in federal child welfare litigation; David B. Salmons, Esq., a Washington-based partner with 14 years of appellate expertise; and four lower-billing associates with complex commercial litigation experience: Jennifer A. Lopez, Esq., who was admitted to practice in 2001; Craig A. Taggart, Esq., who was admitted to practice in 2005; Michael D. Mortenson, Esq., who was admitted to practice in 2006; and Jessica A. Mahon Scholes, Esq., who was admitted to practice in 2008. The Alliance states that "[t]he use of resources and time spent on the case were managed carefully to be as efficient and effective as possible. . . . Where possible, work was delegated to lower-billing attorneys and staff." As in the district court, the Alliance does not request fees for time spent by Bingham's non-attorney staff.

Contrary to California's objection, the court may not set the fee based on speculation as to how other firms might have staffed the case. *See Moreno*, 534 F.3d at 1114-15 (district court fee reduction impermissibly based on speculation

that other firms would have used a less skilled attorney, rather than lead counsel, to perform document review). Indeed,

the cost effectiveness of various law firm models is an open question. . . . Modeling law firm economics drifts far afield of the *Hensley* calculus and the statutory goal of sufficiently compensating counsel in order to attract qualified attorneys to do civil rights work. . . . The [court's] inquiry must be limited to determining whether the fees requested by this particular legal team are justified for the particular work performed and the results achieved in this particular case. The court . . . may not attempt to impose its own judgment regarding the best way to operate a law firm, nor to determine if different staffing decisions might have led to different fee requests.

Id. Thus, the Alliance's requested hours may not be reduced for overstaffing alone without evidence in the record, or an objection by California to specific time entries, that the Alliance's attorneys engaged in inefficient, unnecessary, or duplicative work, such as excessive intra-firm conferencing or document review. *See, e.g., Welch v. Metropolitan Life Ins. Co.*, 480 F.3d 942, 949 (9th Cir. 2007).

To the extent that California also argues that the Alliance's attorneys' experience and knowledge should have allowed them to pursue the appeal with fewer attorneys and less attorney time, California's objection has merit. A review of the attorneys' time sheets, the breakdowns of the attorneys' hours spent on various tasks presented on Ninth Circuit Form 9 and in the alternative format, and the record, in light of the review of many similar fee requests, reveals that the

Alliance's attorneys spent an excessive amount of time -- 564.3 hours -- in preparing the 45-page opening brief and the 20-page reply brief, and that using less-experienced attorneys for these tasks may have resulted in inefficiency. The Alliance's attorneys reasonably should have required no more than 450 hours to perform this work.

For the opening and reply briefs, Lopez (an eighth-year associate) billed 209.9 hours, Taggart (a fourth-year associate) billed 200.7 hours, Mortenson (a third-year associate) billed 91.2 hours, Abrams (the lead partner and child welfare expert) billed 42.5 hours, and Salmons (the appellate partner) billed 14 hours. Because the time entries by Lopez, Abrams, and Salmons are vague, the court cannot discern the amount of time these more experienced attorneys spent reviewing and editing drafts prepared by Taggart and Mortenson, the least experienced attorneys. Lopez and Taggart engaged in the largest expenditures of time on the opening and reply briefs -- a combined 410.6 hours between them. Lopez's time entries for the reply brief and Taggart's time entries for both briefs show large expenditures of time on single issues and sections of the briefs.

In light of Lopez's and Taggart's expenditure of the greatest number of hours on the briefs, it is reasonable to apply the 114.3 hour reduction to their hours alone. Accordingly, the Alliance's requested hours are reduced by 57.15 hours

billed by Lopez in 2008 (\$27,717.75) and 57.15 hours billed by Taggart in 2008 (\$21,717) to account for inefficiency in preparing the opening and reply briefs.

c. Block Billing

The review of the Alliance's attorneys' time sheets also reveals many instances where the attorneys billed multiple tasks in large blocks of time, making it impossible to evaluate the reasonableness of the time spent on distinct tasks and justifying a reduction in the requested hours. *See Welch*, 480 F.3d at 948 (citing *Role Models Am., Inc. v. Brownlee*, 353 F.3d 962, 971 (D.C. Cir. 2004)). Block billing rather than itemizing each task individually may increase the time billed by 10 to 30 percent, and this court implicitly has approved a district court's 20 percent reduction of block-billed hours. *Id.* In addition, the district court imposed a 20 percent reduction on the Alliance's attorneys' block-billed hours for the district court representation, and neither party sought review by this court of the district court's determination.

Here, the Alliance's attorneys' block-billed entries are not reduced where the attorneys combine the complementary tasks of researching and drafting a single document, but are reduced where the attorneys combine tasks such as document preparation or review with distinct activities like intra-firm conferencing, client correspondence, or preparation of a different document. In particular, the latter

entries prevented identifying how much time was spent in unnecessary and duplicative intra-firm conferencing. *See, e.g., Welch*, 480 F.3d at 949.

Accordingly, in addition to the reduction of Lopez's and Taggart's hours for the opening and reply briefs, as discussed above, the following time entries are reduced by 20 percent (\$17,993) to account for block billing of multiple tasks:

<u>Date</u>	<u>Attorney</u>	<u>Hours</u>	<u>Amount</u>
07/07/2008	Taggart	9.60	\$ 3,648.00
07/08/2008	Taggart	1.70	646.00
07/21/2008	Taggart	5.40	2,052.00
07/22/2008	Taggart	8.70	3,306.00
07/24/2008	Taggart	5.50	2,090.00
07/31/2008	Taggart	1.50	570.00
08/01/2008	Taggart	0.40	152.00
08/04/2008	Taggart	0.60	228.00
08/06/2008	Taggart	0.70	266.00
08/22/2008	Taggart	5.30	2,014.00
08/26/2008	Taggart	6.70	2,546.00
08/27/2008	Taggart	5.90	2,242.00
08/28/2008	Taggart	8.20	3,116.00
09/05/2008	Taggart	1.10	418.00
10/08/2008	Taggart	2.50	950.00
10/13/2008	Taggart	0.90	342.00

10/15/2008	Taggart	2.20	836.00
10/17/2008	Taggart	5.40	2,052.00
10/20/2008	Taggart	1.10	418.00
10/22/2008	Taggart	7.40	2,812.00
10/24/2008	Taggart	6.50	2,470.00
10/30/2008	Taggart	7.30	2,774.00
10/31/2008	Taggart	6.20	2,356.00
11/03/2008	Taggart	2.00	760.00
01/06/2009	Taggart	0.90	396.00
03/30/2009	Taggart	2.40	1,056.00
09/29/2009	Taggart	3.00	1,320.00
09/30/2009	Taggart	1.80	792.00
10/02/2009	Taggart	3.90	1,716.00
12/14/2009	Taggart	4.30	1,892.00
08/26/2008	Lopez	4.30	2,085.50
10/20/2008	Lopez	8.00	3,880.00
09/30/2009	Lopez	2.00	1,060.00
10/02/2009	Lopez	1.50	795.00
10/06/2009	Lopez	10.00	5,300.00
10/07/2009	Lopez	11.00	5,830.00
01/10/2010	Lopez	5.00	2,650.00
09/29/2009	Mahon Scoles	1.00	300.00
03/25/2008	Mortenson	3.10	1,069.50
03/26/2008	Mortenson	1.00	345.00

04/07/2008	Mortenson	0.50	172.50
04/08/2008	Mortenson	0.50	172.50
04/11/2008	Mortenson	3.10	1,069.50
04/21/2008	Mortenson	1.00	345.00
07/01/2008	Mortenson	1.40	483.00
08/01/2008	Mortenson	0.40	138.00
08/26/2008	Mortenson	1.20	414.00
10/17/2008	Mortenson	7.30	2,518.50
10/30/2008	Mortenson	2.90	1,000.50
12/17/2008	Mortenson	0.90	310.50
09/28/2009	Mortenson	3.10	1,240.00
10/01/2009	Mortenson	1.10	440.00
10/06/2009	Mortenson	5.40	2,160.00
10/07/2009	Mortenson	3.20	1,280.00
12/15/2009	Mortenson	2.70	1,080.00
04/11/2008	Abrams	1.20	930.00
04/13/2008	Abrams	0.70	542.50
04/23/2008	Abrams	1.00	775.00
07/04/2008	Abrams	1.20	930.00
07/08/2008	Abrams	1.50	1,162.50
08/26/2008	Abrams	2.00	1,550.00
<u>12/14/2009</u>	<u>Abrams</u>	<u>2.00</u>	<u>1,700.00</u>
<u>Total</u>			<u>\$89,965.00</u>
20% Reduction			\$17,993.00

d. Hours Summary

The remaining hours requested by the Alliance were reasonably expended and they are awarded. In particular, the Alliance does not request any hours here that were also requested in the subsequently filed motion for attorneys' fees and expenses in the district court.

2. Hourly Rates

The Alliance requests the award of fees at Bingham's 2008 and 2009 hourly billing rates, as follows:

<u>Attorney</u>	<u>Admitted</u>	<u>2008 Rate</u>	<u>2009 Rate</u>
Abrams	1979	\$775	\$850
Salmons	1996	\$685	N/A
Lopez	2001	\$485	\$530
Taggart	2005	\$380	\$440
Mortenson	2006	\$345	\$400
Mahon Scoles	2008	N/A	\$300

The district court awarded Bingham's billing rates, except for Abrams, subject to an across-the-board 10 percent reduction based on a finding that the Alliance failed to present adequate evidence of the prevailing market rate in the Northern District of California and in light of the involvement of the state's coffers. *See Blum v. Stenson*, 465 U.S. 886, 895 & n.11 (1984) (“reasonable fees’

under § 1988 are to be calculated according to the prevailing market rates in the relevant community”); *see also Carson v. Billings Police Dept.*, 470 F.3d 889, 892 (9th Cir. 2006) (“[t]hat a lawyer charges a particular hourly rate, and gets it, is evidence bearing on what the market rate is”).⁴ The district court found that Abrams’s statement that “the rates charged . . . are commensurate with the rates charged by other firms with similar reputation, skill, and level of expertise” did not specifically discuss the rates in the relevant community. The district court reduced the requested billing rates for Abrams to \$725, based on its approval of a \$745 hourly rate for an attorney with 47 years’ experience in a different civil rights case.

But the Alliance also cited in the district court and cites here, in support of the reasonableness of the requested billing rates, *California State Foster Parent Ass’n v. Wagner*, No. CV-07-5086-WHA, 2009 WL 4823193, *8, *12 (N.D. Cal. Dec. 10, 2009), where the Northern District of California awarded and California conceded the reasonableness of comparable requested billing rates of \$350 to \$875 for the Northern District of California law firm of Morrison & Foerster LLP. Rate determinations in other cases are satisfactory and relevant evidence of the prevailing market rate in a relevant community, and therefore no reduction for

⁴ Only Abrams and Mortenson participated in both the district court and the court of appeals representations.

insufficiency of the evidence is warranted here. *See Welch*, 480 F.3d at 947; *United Steelworkers of Am. v. Phelps Dodge Corp.*, 896 F.2d 403, 406 (9th Cir. 1990). The Appellate Commissioner's experience reviewing many similar fee requests also suggests that the requested billing rates are in line with prevailing market rates in the relevant community. *See Blum*, 465 U.S. at 895 & n.11; *Carson*, 470 F.3d 891-92.

California argues that the reasonable hourly rates should be determined with reference to a matrix developed from hourly rates for the District of Columbia that were approved in *Laffey v. Northwest Airlines, Inc.*, 746 F.2d 4, 13-25 (D.C. Cir. 1984), with adjustments for economic differences between the District of Columbia and the Northern District of California based on federal locality pay differentials, and that the resulting lower rates should be awarded. After California's fee response was filed, however, the Ninth Circuit approved a district court's decision not to use the *Laffey* matrix to determine reasonable hourly rates for the Northern District of California legal market. *See Prison Legal News v. Schwarzenegger*, 608 F.3d 446, 454 (9th Cir. 2010) ("But just because the *Laffey* matrix has been accepted in the District of Columbia does not mean that it is a sound basis for determining rates elsewhere, let alone in a legal market 3,000 miles away."). California has not addressed the *Prison Legal News* case, and

California's argument for applying the *Laffey* matrix here is unpersuasive. The Alliance's requested hourly rates are awarded.

3. Fees Summary

The Alliance's request for attorneys' fees in the amount of \$388,660 is reduced by \$27,717.75 for Lopez and \$21,717 for Taggart to account for inefficiency in the preparation of the opening and reply briefs, and by \$17,993 to account for block billing of multiple tasks. The total reduction of \$67,427.75 is proportional to the district court's reduction of the Alliance's requested fees for the district court representation. The Alliance is awarded attorneys' fees for the court of appeals representation in the amount of \$321,232.25.

B. Expenses

The Alliance requests the award of travel, computerized legal research, copying, messenger, delivery, and postage expenses incurred during the appeal in the amount of \$5,520.12. California objects only to the request for round-trip air fare from Southern California to San Francisco, airport parking, and cab fare for Lopez's and Mortenson's attendance at oral argument, when neither associate presented argument and Lopez also billed her travel and other time expended on the day before the hearing and the day of the hearing. California does not cite legal authority in support of the objection, and it lacks merit.

Under section 1988, the Alliance may recover reasonable out-of-pocket litigation expenses that its attorneys would normally charge to a fee paying client, including travel expenses and computer assisted legal research. *See Trs. of the Constr. Indus. & Laborer's Health & Welfare Trust v. Redland Ins. Co.*, 460 F.3d 1253, 1257-59 (9th Cir. 2006) (collecting cases). Unlike in the district court, the Alliance's evidence in support of the requested expenses here is adequate to determine the expenses' reasonableness, and there is no evidence in the record or objection from California that the Alliance or other Northern District of California law firms would not normally bill the expenses to paying clients. In the Appellate Commissioner's experience, Northern District of California law firms often bill these expenses to clients.

In addition, it was reasonable for Lopez and Mortenson, who drafted the briefs, to travel from Southern California to participate in the oral argument preparation and attend the oral argument. Although it is not clear from Lopez's block-billed entries what portion of her time was spent on oral argument preparation on October 6 and 7, 2009, or whether she worked on oral argument preparation during travel time, the reductions above for block billing address this concern.

Accordingly, the Alliance's requested expenses in the amount of \$5,520.12 are reasonable and the requested expenses are awarded in full.

III Conclusion

Attorneys' fees and expenses in the amount of \$326,752.37 are awarded in favor of the California Alliance of Child and Family Services and against John Wagner, Director of the California Department of Social Services, and Greg Rose, Deputy Director of the Children and Family Services Division of the California Department of Social Services. This order amends the court's mandate.