

**D99A11**  
**Office of Administrative Hearings**

***Operating Budget Data***

(\$ in Thousands)

	<u>FY 14</u> <u>Actual</u>	<u>FY 15</u> <u>Working</u>	<u>FY 16</u> <u>Allowance</u>	<u>FY 15-16</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
Special Fund	\$1,066	\$1,201	\$44	-\$1,157	-96.4%
<b>Adjusted Special Fund</b>	<b>\$1,066</b>	<b>\$1,201</b>	<b>\$44</b>	<b>-\$1,157</b>	<b>-96.4%</b>
Reimbursable Fund	13,413	14,301	15,769	1,468	10.3%
<b>Adjusted Reimbursable Fund</b>	<b>\$13,413</b>	<b>\$14,301</b>	<b>\$15,769</b>	<b>\$1,468</b>	<b>10.3%</b>
<b>Adjusted Grand Total</b>	<b>\$14,479</b>	<b>\$15,502</b>	<b>\$15,813</b>	<b>\$311</b>	<b>2.0%</b>

Note: The fiscal 2015 working appropriation reflects deficiencies and the Board of Public Works reductions to the extent that they can be identified by program. The fiscal 2016 allowance reflects back of the bill and contingent reductions to the extent that they can be identified by program.

- The fiscal 2016 allowance increases \$311,093, or 2.0 %, over the fiscal 2015 adjusted working appropriation.
- Personnel-related expenditures increase \$476,164, offset by a decrease of \$93,643, due to full-time equivalents (FTE) conversion and a decrease in case-related and information technology expenditures of \$57,040.
- The budget does not provide for the across-the-board reductions to which other agencies are subject.

Note: Numbers may not sum to total due to rounding.

For further information contact: Leah E. Clague

Phone: (410) 946-5530

***Personnel Data***

	<b><u>FY 14 Actual</u></b>	<b><u>FY 15 Working</u></b>	<b><u>FY 16 Allowance</u></b>	<b><u>FY 15-16 Change</u></b>
Regular Positions	118.00	120.00	120.00	0.00
Contractual FTEs	<u>5.70</u>	<u>11.50</u>	<u>8.50</u>	<u>-3.00</u>
<b>Total Personnel</b>	<b>123.70</b>	<b>131.50</b>	<b>128.50</b>	<b>-3.00</b>

***Vacancy Data: Regular Positions***

Turnover and Necessary Vacancies, Excluding New Positions	3.12	2.60%
Positions and Percentage Vacant as of 12/31/14	3.00	2.50%

- There are 3.0 less contractual FTEs in the fiscal 2016 allowance because of the conversion of 2.0 administrative law judges that were primarily assigned to the Health Benefit Exchange and elimination of 1.0 fiscal clerk assigned to Foreclosure Mediations. In fiscal 2015, the Board of Public Works created 2.0 new positions.
- Turnover expectancy for fiscal 2016 is 2.6%, which would require the agency to maintain 3.12 vacant positions throughout the year. As of December 31, 2014, there were 3.0 vacant positions, or 2.5%.

## ***Analysis in Brief***

---

### **Major Trends**

***Total Number of Hearings Increases, Driven by Mortgage Foreclosure Mediations:*** The total number of cases is up, driven by an increase in foreclosure mediations and cases from the Department of Health and Mental Hygiene.

***Time to Disposition Grows for Most Cases:*** Cases for the Department of Human Resources, the Motor Vehicle Administration, the Department of Public Safety and Correctional Services, and foreclosure mediations all took more days to dispose of in fiscal 2014.

***Satisfaction Ratings Continue to Increase:*** Surveys indicate increasing positive responses for fairness, preparation, and organization.

### **Issues**

***Foreclosure Mediations Continue to Increase and Fewer Foreclosures Are Avoided or Stayed:*** The Office of Administrative Hearings (OAH) heard a record number of mediations in fiscal 2014 with 5,499 cases disposed, but a foreclosure sale was avoided in only 6.2% of cases. In 80.2% of cases, a foreclosure sale proceeded. OAH attributes this trend to delinquencies present in the case, including the delayed filing of order to dockets by lenders coupled with the length of time a homeowner is in default prior to the mediation that results in ineligibility for loan modification programs.

### **Recommended Actions**

1. Add language to reduce the authorization for the Office of Administrative Hearings to expend reimbursable funds to reflect the reduction of the 2015 cost-of-living adjustment, reduction of the 2016 salary increments, and the general 2% reduction.

*D99A11 – Office of Administrative Hearings*

**D99A11**  
**Office of Administrative Hearings**

***Operating Budget Analysis***

---

**Program Description**

The Office of Administrative Hearings (OAH) holds hearings in contested cases involving State agencies. The office was created in 1989 to centralize the hearing functions in various units of State government. Most cases originate from the Motor Vehicle Administration (MVA); the Department of Health and Mental Hygiene (DHMH); the Department of Human Resources (DHR); the Department of Housing and Community Development; and the Maryland State Department of Education. Funding primarily comes from those agencies that use OAH services. These agencies reimburse OAH based on the proportion of time spent on their cases. The cost allocation for each agency can be found in **Appendix 2**.

Pursuant to Chapter 485 of 2010, homeowners who are subject to foreclosure may request mediation with an administrative law judge (ALJ). A portion of revenues paid to the Housing Counseling and Foreclosure Mediation Fund are used by OAH for the costs of conducting foreclosure mediations.

OAH decisions may be appealed on the record to the circuit court. In certain cases, the OAH decision is advisory, and the originating agency may overrule or reject the OAH ruling. When an agency has rejected the OAH decision, recourse again is with the circuit court.

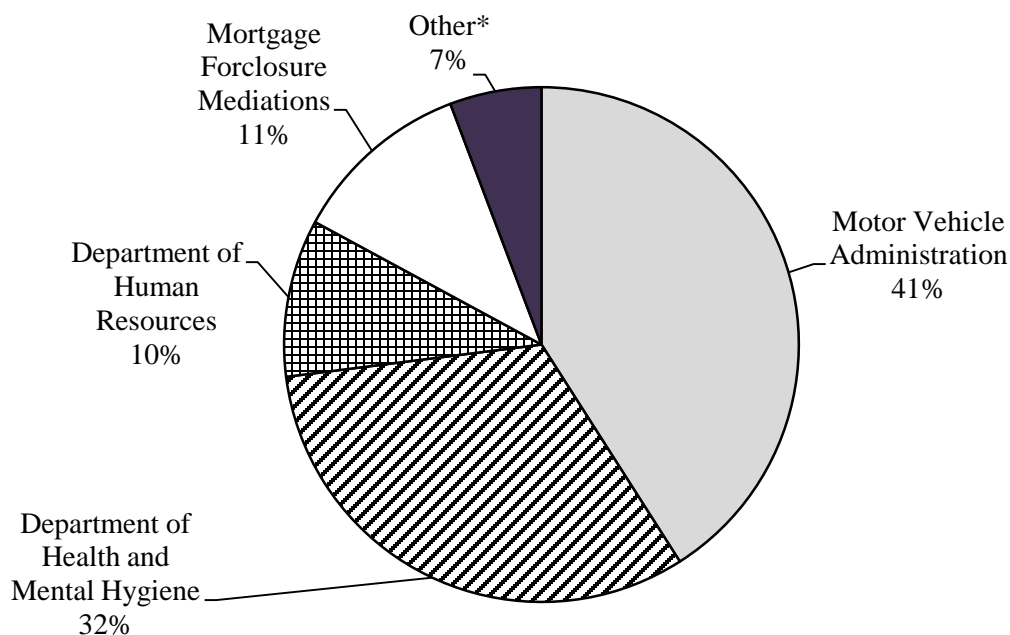
The chief ALJ is the administrative head of the agency. The State Advisory Council on Administrative Hearings oversees all activities of the agency and provides guidance and direction to the chief ALJ.

**Performance Analysis: Managing for Results**

**1. Total Number of Hearings Increases, Driven by Mortgage Foreclosure Mediations**

In fiscal 2014, OAH disposed of 48,599 cases for State agencies under the foreclosure mediation program. This was an increase from the 47,123 cases heard in fiscal 2013, but this increase is mostly attributable to a 52% increase in mortgage foreclosure mediations from 3,627 hearings in fiscal 2013 to 5,514 in fiscal 2014. As shown in **Exhibit 1**, 41% of the cases heard were motor vehicle grievances, down from 44% in fiscal 2013 and 50% from prior fiscal years as the proportion of cases for other agencies, and especially the number of foreclosure mediations, increased. Hearings for DHMH increased 11.8% over fiscal 2013, while hearings for DHR and Other decreased. New cases received in fiscal 2014 decreased from 48,003 in fiscal 2013 to 45,911 cases.

**Exhibit 1**  
**Percentage of Cases Disposed by Agency**  
**Fiscal 2014**



\*Other is a combination of the Department of Labor, Licensing, and Regulation (DLLR); the Department of Public Safety and Correctional Services; the Maryland State Department of Education; the Maryland Insurance Administration; the Department of Budget and Management – Personnel; and miscellaneous. Does not include unemployment insurance appeals from DLLR.

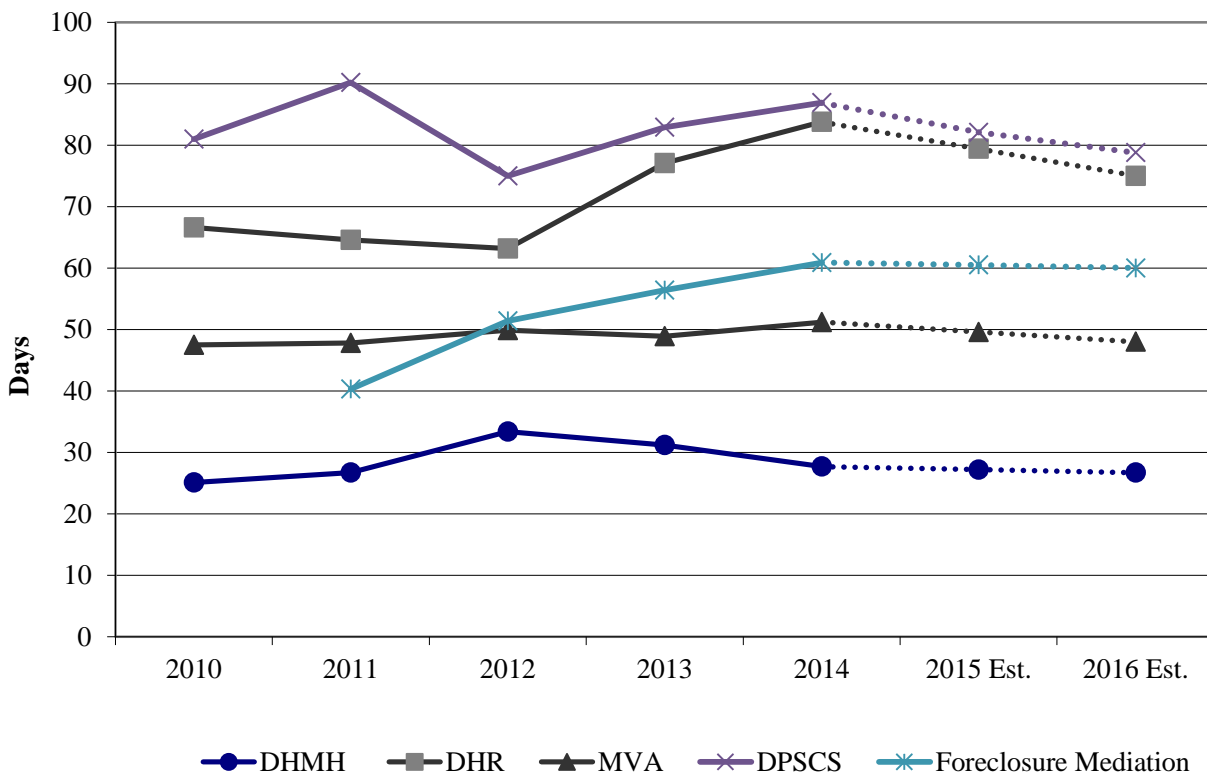
Source: Office of Administrative Hearings

---

## 2. Time to Disposition Grows for Most Cases

OAH's Managing for Results (MFR) goals and measures center around efficiency and quality. Time to dispose of cases, in days, is a standard measurement, and while fiscal 2014 results show a slight improvement in performance for some types of cases, particularly for cases involving DHMH, cases involving DHR, the Department of Public Safety and Correctional Services (DPSCS), MVA, and foreclosure mediations experienced an increase in the average number of days to disposition, as seen in **Exhibit 2**. For DHR cases, time to disposition continued to increase over prior fiscal years by 6.7 days or 8.7%, following a trend of increased time to dispose of these types of cases since 2010. The average time to dispose of DPSCS cases increased by 4.0 days (4.8%) over fiscal 2013, while

**Exhibit 2**  
**Average Number of Days Between Receipt and Disposition of Selected Cases**  
**Fiscal 2010-2016 Est.**



DHMH: Department of Health and Human Resources  
 DHR: Department of Human Resources  
 DPSCS: Department of Public Safety and Correctional Services  
 MVA: Motor Vehicle Administration

Source: Office of Administrative Hearings

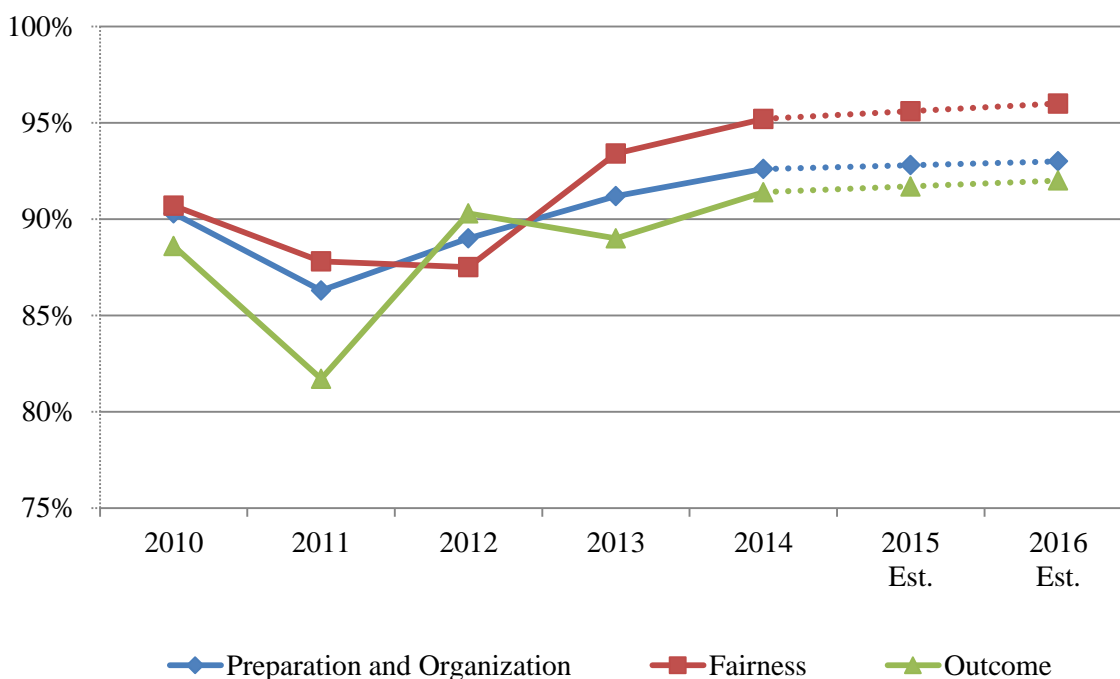
caseload also increased from 380 in fiscal 2013 to 426 in fiscal 2014. MVA cases had an average increase of 2.3 days (4.7%), while the number of cases decreased 5%. Cases involving the Department of Labor, Licensing, and Regulation (DLLR) also experienced a sharp increase from an average of 208.5 days to disposition to 219.9 days, despite a decrease in caseload from 368 cases in fiscal 2013 to 337 cases in fiscal 2014. DHMH cases saw a decrease in the average time to disposition of 3.5 days despite an increase in caseload of 11.8%.

**OAH should comment on how it plans to address the increasing time to dispose for DHR, DPSCS, MVA, and DLLR cases.**

### 3. Satisfaction Ratings Continue to Increase

Quality is measured through the use of hearing participant surveys that quantify satisfaction with elements such as preparation, organization, and fairness of the proceedings. Participants are also surveyed on their satisfaction with the outcome of the proceeding. As shown in **Exhibit 3**, the percentage of participants who rate these elements as satisfactory or excellent continues to improve and remains consistently above 85% since fiscal 2012. The metrics for preparation and fairness saw an increase of 1.4 and 1.8 percentage points over fiscal 2013, respectively, while the rating for outcome increased by 2.4 percentage points in fiscal 2014, rebounding from a slight decline in fiscal 2013. The director of Quality Assurance uses the survey results to identify and address issues that will lead to enhanced outcomes. The agency’s goals are embodied in the estimates for fiscal 2016 of 93% for preparation, 95% for fairness, and 92% for outcome.

**Exhibit 3**  
**Participation Rating Hearing Elements as Satisfactory or Excellent**



Source: Office of Administrative Hearings



**Fiscal 2015 Actions**

**Cost Containment**

There is a planned reversion of \$5,769 for OAH in fiscal 2015. This is to account for OAH’s share of the MDTimesystem program, which the Department of Budget and Management requested that OAH revert at the end of the year. While the reversion will initially be in reimbursable funds, the source of these funds is the general fund.

**Proposed Budget**

As shown in **Exhibit 4**, the overall budget for OAH increases by \$311,093. Personnel expenditures account for \$476,164.

**Exhibit 4**  
**Proposed Budget**  
**Office of Administrative Hearings**  
**(\$ in Thousands)**

<b>How Much It Grows:</b>	<b>Special <u>Fund</u></b>	<b>Reimb. <u>Fund</u></b>	<b><u>Total</u></b>
Fiscal 2014 Actual	\$1,066	\$13,413	\$14,479
Fiscal 2015 Working Appropriation	1,201	14,301	15,502
Fiscal 2016 Allowance	<u>44</u>	<u>15,769</u>	<u>15,813</u>
Fiscal 2015-2016 Amt. Change	-\$1,157	\$1,468	\$311
Fiscal 2015-2016 Percent Change	-96.4%	10.3%	2.0%

**Where It Goes:**

**Personnel Expenses**

Increments and other compensation.....	\$239
Employee and retiree health insurance .....	240
Miscellaneous adjustments.....	-150
Employee retirement .....	71
Other fringe benefit adjustment .....	49
Turnover adjustments.....	26

**Other Changes**

Statewide allocation for new budget system.....	16
Conversion of 2 and the abolition of 1 full-time equivalents.....	-94
Court interpreting services and court reporters .....	-33

*D99A11 – Office of Administrative Hearings*

**Where It Goes:**

Maintenance costs as a result of upgraded information technology equipment.....	-13
Disposal of three aging vehicles .....	-11
Communication expenses .....	-8
In-state/routine operations – travel.....	-7
Office of the Attorney General administrative fee.....	-7
Service charges and occasional building maintenance .....	-5
Other .....	-2
<b>Total</b>	<b>\$311</b>

Note: Numbers may not sum to total due to rounding. The fiscal 2015 working appropriation reflects deficiencies and the Board of Public Works reductions to the extent that they can be identified by program. The fiscal 2016 allowance reflects back of the bill and contingent reductions to the extent that they can be identified by program.

---

**Funding Source**

In fiscal 2016, the costs associated with foreclosure mediations were reallocated to reimbursable funds from special funds. The mediation costs will now be reflected in the cost allocation matrix in fiscal 2016.

**Personnel**

The largest personnel-related increase from fiscal 2015 is \$238,761 for increments and other compensation. Health insurance costs for current employees and retirees increased by a net of \$240,498, and employee retirement contributions also increased by \$71,447.

These large personnel-related increases are partially offset by a decrease in miscellaneous adjustments of \$150,000 as the result of a one-time appropriation to fund salary increases for lower step ALJs in fiscal 2015.

**Other Changes**

The largest decrease in the fiscal 2016 allowance was \$93,643 as the result of converting 2 full-time equivalents (FTE) and eliminating an unneeded FTE. Two contractual ALJs were converted into regular positions through the Board of Public Works and 1 FTE was eliminated because the fiscal clerk position used for foreclosure mediation was determined not to be needed.

Other decreases in the fiscal 2016 allowance include \$32,680 in savings related to court interpreting services and court reporters, which are dependent on caseload and case needs, \$13,270 in savings related to upgraded information technology equipment that includes a service warranty, and \$10,958 related to disposing of three aging vehicles. These decreases were partially offset by a \$15,579 increase for the statewide allocation of a new budget system.

## ***Issues***

---

### **1. Foreclosure Mediations Continue to Increase and Fewer Foreclosures are Avoided or Stayed**

Chapter 485 of 2010 established a mediation process for foreclosures on residential property in Maryland. Effective July 1, 2010, if a residential property is subject to foreclosure action and is owner-occupied, the borrower may request a foreclosure mediation, which is conducted by OAH. A \$300 filing fee is imposed on every order to docket (OTD) or complaint to foreclose a mortgage or deed of trust, and the OTD must include a form for the homeowner to request foreclosure mediation. The homeowner must pay a \$50 filing fee with a request for mediation. Within five days of receiving a foreclosure request, the circuit court must transmit the request to OAH, which then has 60 days to conduct a mediation. Chapter 355 of 2011 extended the time for a homeowner to file for a mediation to 25 days, provided for a 30-day extension or beyond if all parties agree, and applied OAH's normal procedures to evaluate whether a failure to appear should constitute a default of the mediation.

The number of OTDs filed in calendar 2014 decreased by 8.6% below calendar 2013, with the opt-in rate for mediations continuing to fall from 23.0% to 20.0% for a second year in a row. Despite the drop in OTDs filed during the calendar year, there was a large increase in the number of mediations being disposed of by OAH in fiscal 2014. Budget amendments added \$300,000 in special funds for additional ALJs to handle foreclosure mediation dockets in fiscal 2015.

Since the inception of the program in fiscal 2011 through December of fiscal 2015, OAH has closed 14,215 cases. **Exhibit 5** shows the disposition of these cases within each fiscal year. As demonstrated in the exhibit, the number of foreclosures avoided within each year has been declining since the program began, with only 1,084 of cases resulting in the avoidance of a foreclosure over the entirety of the program. OAH heard a record number of mediation proceedings in fiscal 2014, disposing of 5,499 cases. However, despite an increase in mediations, a foreclosure sale was avoided in only 6.2% of cases, the lowest percentage since the start of the program. The largest increase in outcomes has been in the foreclosure sale not avoided category, which was the result in 80.2% of cases compared to 65.1% in fiscal 2013, typically due to no settlement or the mediation being unresolved. The category of disposition that had the largest decrease from fiscal 2013 to 2014 is where the foreclosure proceedings are stayed, typically for 90 days, while the homeowner is given the opportunity to successfully meet the obligation of the modification to the mortgage. This category decreased from 17.2% of cases in fiscal 2013 to 4.0% in fiscal 2014.

OAH attributes the decreased rate of foreclosure sales avoided on serious delinquencies that are present in so many of the cases where mediation took place in the last year. Due to delays in filing OTDs by the lenders, many times the homeowners were 18 months or more delinquent by the time the mediation took place. This delay resulted in many of the homeowners being ineligible for loan modification programs. Additionally, many homeowners requesting mediation are not seeking retention options but rather are seeking liquidating options. According to OAH, homeowners who have been successful in obtaining a negotiated graceful exit express significant positive responses to the mediation process.

**Exhibit 5**  
**Foreclosure Mediation Cases Closed**  
**Fiscal 2011-2015**

<u>Disposition Method</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total</u>
<b>Foreclosure Sale Avoided</b>						
Cancelled – Bankruptcy	13	26	85	123	42	289
Cash for Keys	5	4	1	-	1	11
Deed in Lieu	5	6	2	-	-	13
Forbearance/Repay Plan	25	17	13	4	3	62
Foreclosure Dismissal – Lender	36	46	85	162	19	348
HAMP Modification – Higher	-	1	-	3	-	4
HAMP Modification – Lower	5	7	4	21	9	46
HAMP Modification – Same	-	1	2	-	1	4
Home Sold – Sale	9	3	4	1	1	18
Non-HAMP Modification – Higher	18	9	7	7	-	41
Non-HAMP Modification – Lower	31	27	14	12	3	87
Non-HAMP Modification – Same	6	4	5	-	-	15
Partial Claim	4	-	-	1	-	5
Refinanced	2	-	-	-	-	2
Reinstate – Mortgage Current	2	11	9	5	1	28
Withdrawn – Agreement Reached	36	13	7	4	51	111
<b>Total</b>	<b>197</b>	<b>175</b>	<b>238</b>	<b>343</b>	<b>131</b>	<b>1,084</b>
<b>Percentage</b>	<b>20.9%</b>	<b>8.6%</b>	<b>6.6%</b>	<b>6.2%</b>	<b>6.2%</b>	<b>7.6%</b>
<b>Foreclosure Sale Stayed</b>						
Contingent – Document Exchange	79	256	293	82	15	725
Contingent – Loan Modification Pending	25	58	59	37	4	183
Contingent – Short Sale	26	61	23	18	2	130
Contingent – Other	67	324	247	82	21	741
<b>Total</b>	<b>197</b>	<b>699</b>	<b>622</b>	<b>219</b>	<b>42</b>	<b>1,779</b>
<b>Percentage</b>	<b>20.9%</b>	<b>34.4%</b>	<b>17.2%</b>	<b>4.0%</b>	<b>2.0%</b>	<b>12.5%</b>
<b>Foreclosure Sale Not Avoided at Mediation</b>						
No Settlement/Unresolved	294	571	1,756	3,470	1,433	7,524
Default – Homeowner	137	332	546	848	275	2,138
Cancelled – Nonpayment	7	9	16	28	22	82
Default – Homeowner and Lender	5	15	16	29	4	69
Default – Lender	1	7	26	35	7	76
<b>Total</b>	<b>444</b>	<b>934</b>	<b>2,360</b>	<b>4,410</b>	<b>1,741</b>	<b>9,889</b>
<b>Percentage</b>	<b>47.2%</b>	<b>46.0%</b>	<b>65.1%</b>	<b>80.2%</b>	<b>82.2%</b>	<b>69.6%</b>

*D99A11 – Office of Administrative Hearings*

<u>Disposition Method</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total</u>
<b>Other Outcomes</b>						
Cancelled – Struck by Court	53	102	180	231	112	678
Withdrawn	22	89	177	249	70	607
Cancelled – Circuit Court Docket Error	11	11	20	21	6	69
Duplicate Case	1	19	22	18	13	73
Cancelled	9	-	-	3	-	12
Cancelled – Borrower	6	3	3	3	3	18
Home Sold – Other	1	-	2	2	1	6
<b>Total</b>	<b>103</b>	<b>224</b>	<b>404</b>	<b>527</b>	<b>205</b>	<b>1,463</b>
<b>Percentage</b>	<b>10.9%</b>	<b>11.0%</b>	<b>11.1%</b>	<b>9.6%</b>	<b>9.7%</b>	<b>10.3%</b>
<b>Total</b>	<b>941</b>	<b>2,032</b>	<b>3,624</b>	<b>5,499</b>	<b>2,119</b>	<b>14,215</b>

HAMP: Home Affordable Modification Program

Note: Fiscal 2015 data is through December 31, 2014.

Source: Office of Administrative Hearings

The results of the pre-file mediation process are similar. In the 2012 session, the General Assembly passed Chapter 156 which created a pre-file mediation process. Under this law, mortgage servicers may opt to offer a mediation session to delinquent homeowners before filing an OTD. Servicers would not be required to participate in the normal post-file mediation session currently required if the homeowner participated in pre-file mediation. This legislation was designed to provide options and solutions to homeowners earlier in the foreclosure process. However, since the beginning of the program on October 1, 2012, through December 31, 2014, there have been a total of only 100 pre-file mediation requests, of which 91 have been closed. Of the closed cases, 54 resulted in the foreclosure sale proceeding, 15 resulted in the foreclosure sale being stayed, 19 have either been withdrawn or were a duplicate case, and only 3 (in fiscal 2013) resulted in the foreclosure sale being avoided.

**The agency should comment on the role of the mediation program in generating positive outcomes for homeowners and lenders, the challenges the program faces in light of the number of foreclosure filings and mediation requests, what fiscal impact the foreclosure mediations have had on operating expenses, and the overall outlook for mortgage default and foreclosure.**

## ***Recommended Actions***

---

1. Add the following section:

SECTION XX. AND BE IT FURTHER ENACTED, That the authorization to expend \$605,743 in reimbursable funds in the Office of Administrative Hearings is deleted. The Governor shall develop a schedule for allocating this reimbursable fund reduction across the departments as appropriate. The reduction under this section shall equal at least the amounts indicated for the budgetary types listed:

<u>Fund</u>	<u>Amount</u>
<u>General</u>	<u>\$ 363,446</u>
<u>Special</u>	<u>\$ 121,149</u>
<u>Federal</u>	<u>\$ 121,149</u>

**Explanation:** This action extends the back of the bill reductions to the Office of Administrative Hearings to reduce employee salaries by 2%, to eliminate increments and merit increases in fiscal 2016, and to extend the general 2% reduction.

## *Current and Prior Year Budgets*

---

### **Current and Prior Year Budgets** Office of Administrative Hearings (\$ in Thousands)

	<b><u>General</u></b> <b><u>Fund</u></b>	<b><u>Special</u></b> <b><u>Fund</u></b>	<b><u>Federal</u></b> <b><u>Fund</u></b>	<b><u>Reimb.</u></b> <b><u>Fund</u></b>	<b><u>Total</u></b>
<b>Fiscal 2014</b>					
Legislative Appropriation	\$0	\$877	\$0	\$13,654	\$14,532
Deficiency Appropriation	0	-7	0	0	-7
Budget Amendments	0	313	0	193	506
Reversions and Cancellations	0	-117	0	-434	-551
<b>Actual</b> <b>Expenditures</b>	<b>\$0</b>	<b>\$1,066</b>	<b>\$0</b>	<b>\$13,413</b>	<b>\$14,479</b>
<b>Fiscal 2015</b>					
Legislative Appropriation	\$0	\$897	\$0	\$14,301	\$15,198
Cost Containment	0	303	0	0	303
Budget Amendments	0	0	0	0	0
<b>Working</b> <b>Appropriation</b>	<b>\$0</b>	<b>\$1,201</b>	<b>\$0</b>	<b>\$14,301</b>	<b>\$15,502</b>

Note: Numbers may not sum to total due to rounding. The fiscal 2015 working appropriation does not include January 2015 Board of Public Works reductions and deficiencies.

---

## **Fiscal 2014**

OAH finished fiscal 2014 \$52,352 below its legislative appropriation, due mostly to unspent funds. Retirement contributions were reduced by \$5,182, and health care contributions were reduced by \$1,925 through deficiency appropriations. Amendments for the cost-of-living adjustment (COLA) and salary increment payments increased the appropriation by \$195,006.

### **Special Funds**

Actual expenditures were \$188,518 above the legislative appropriation, mainly due to \$312,906 in amendments including:

- \$306,867 increase related to conducting foreclosure mediation hearings to comply with Chapter 156 of 2012. Of this amount, \$266,791 was directed to salaries and benefits and \$40,076 to reduce turnover in technical and special fees; and
- \$6,039 increase related to COLA and salary increments.

These increased funds were offset by statewide reductions of \$1,925 for health savings and \$5,182 related to statewide reduction for retirement. The agency reverted \$117,281 in unspent funds.

### **Reimbursable Funds**

Actual expenditures were \$240,869 below the legislative appropriation, mostly due to \$434,196 in unspent funds. The unspent funds were offset by \$193,327 in budget amendments, including a \$141,550 increase for the fiscal 2014 COLA, a \$47,417 increase for increment payments, and a \$4,360 increase for a salary adjustment related to an annual salary review.

## **Fiscal 2015**

To date, \$303,256 has been added through budget amendments to the legislative appropriation for fiscal 2015. This increase is mainly due to a budget amendment which added \$300,000 in special funds to fund 3 additional ALJs to conduct foreclosure mediations. Another budget amendment added \$3,256 for the fiscal 2015 COLA.



**Office of Administrative Hearings  
Cost Allocation  
Fiscal 2016**

<u>Agency</u>	<u>Type of Cases</u>	<u>Avg. Case Hours</u>	<u>Est. No. of Cases</u>	<u>Total Case Hours</u>	<u>% of Total</u>
<b>Office of Attorney General</b>					
	Consumer Protection	17.19	14	241	0.27%
	Securities Division	55.42	6	333	0.38%
	<b>Total</b>		<b>20</b>	<b>573</b>	<b>0.65%</b>
<b>Department of Disabilities</b>					
	Cases	7.19	1	7	0.01%
	<b>Total</b>		<b>1</b>	<b>7</b>	<b>0.01%</b>
<b>Commission on Civil Rights</b>					
	Cases	7.25	1	7	0.01%
	<b>Total</b>		<b>1</b>	<b>7</b>	<b>0.01%</b>
<b>State Board of Elections</b>					
	Personnel Cases	17.39	2	35	0.04%
	<b>Total</b>		<b>2</b>	<b>35</b>	<b>0.04%</b>
<b>Military Department</b>					
	Personnel Cases	17.39	1	17	0.02%
	<b>Total</b>		<b>1</b>	<b>17</b>	<b>0.02%</b>
<b>Maryland Institute for Emergency Medical Services System</b>					
	Cases	17.39	5	87	0.10%
	<b>Total</b>		<b>5</b>	<b>87</b>	<b>0.10%</b>
<b>Maryland Health Insurance Plan</b>					
	Cases	12.23	3	37	0.04%
	<b>Total</b>		<b>3</b>	<b>37</b>	<b>0.04%</b>
<b>Maryland Insurance Administration</b>					
	Cases	12.23	270	3,302	3.77%
	Public Information Act Cases	14.63	1	15	0.02%
	<b>Total</b>		<b>271</b>	<b>3,317</b>	<b>3.79%</b>

*D99A11 – Office of Administrative Hearings*

<u>Agency</u>	<u>Type of Cases</u>	<u>Avg. Case Hours</u>	<u>Est. No. of Cases</u>	<u>Total Case Hours</u>	<u>% of Total</u>
<b>Comptroller of Maryland</b>					
	Personnel Cases	17.39	2	35	0.04%
	<b>Total</b>		<b>2</b>	<b>35</b>	<b>0.04%</b>
<b>State Department of Assessments and Taxation</b>					
	Personnel Cases	17.39	2	35	0.04%
	<b>Total</b>		<b>2</b>	<b>35</b>	<b>0.04%</b>
<b>State Lottery and Gaming Control Agency</b>					
	Personnel Cases	17.39	3	52	0.06%
	<b>Total</b>		<b>3</b>	<b>52</b>	<b>0.06%</b>
<b>Department of Budget and Management</b>					
	Central Collections	11.18	127	1,420	1.62%
	Personnel Cases	17.39	3	52	0.06%
	<b>Total</b>		<b>130</b>	<b>1,472</b>	<b>1.68%</b>
<b>State Retirement Agency</b>					
	Cases	17.81	39	695	0.79%
	<b>Total</b>		<b>39</b>	<b>695</b>	<b>0.79%</b>
<b>Department of General Services</b>					
	Personnel Cases	17.39	1	17	0.02%
	<b>Total</b>		<b>1</b>	<b>17</b>	<b>0.02%</b>
<b>State Highway Administration</b>					
	Personnel Cases	17.39	15	261	0.30%
	<b>Total</b>		<b>15</b>	<b>261</b>	<b>0.30%</b>
<b>Maryland Port Administration</b>					
	Personnel Cases	17.39	1	17	0.02%
	<b>Total</b>		<b>1</b>	<b>17</b>	<b>0.02%</b>
<b>Department of Transportation</b>					
	Motor Vehicle Administration	0.73	19,924	14,545	16.61%
	MDOT Cases	4.26	150	639	0.73%
	Personnel Cases	17.39	2	35	0.04%
	MVA Personnel Cases	17.39	16	278	0.32%
	<b>Total</b>		<b>20,092</b>	<b>15,497</b>	<b>17.70%</b>

*D99A11 – Office of Administrative Hearings*

<u>Agency</u>	<u>Type of Cases</u>	<u>Avg. Case Hours</u>	<u>Est. No. of Cases</u>	<u>Total Case Hours</u>	<u>% of Total</u>
<b>Mass Transit Administration</b>					
	Personnel Cases	17.39	7	122	0.14%
	<b>Total</b>		<b>7</b>	<b>122</b>	<b>0.14%</b>
<b>Maryland Aviation Administration</b>					
	Personnel Cases	17.39	2	35	0.04%
	<b>Total</b>		<b>2</b>	<b>35</b>	<b>0.04%</b>
<b>Maryland Transportation Authority</b>					
	Personnel Cases	17.39	15	261	0.30%
	<b>Total</b>		<b>15</b>	<b>261</b>	<b>0.30%</b>
<b>Department of Natural Resources</b>					
	Cases	24.33	16	389	0.44%
	Personnel Cases	17.39	1	17	0.02%
	<b>Total</b>		<b>17</b>	<b>407</b>	<b>0.46%</b>
<b>Department of Health and Mental Hygiene</b>					
	Not Criminally Responsible	5.36	283	1,517	1.73%
	Involuntary Admissions	0.57	7,521	4,287	4.90%
	Medical Assistance (MA)	1.38	5,432	7,496	8.56%
	MA – Nursing Home Board Cases	43.50	7	305	0.35%
	MA – Primary Adult Care	4.59	242	1,111	1.27%
	Board of Social Work Examiners	43.50	3	131	0.15%
	State Board of Physicians	43.50	12	522	0.60%
	Maryland Children’s Health Insurance Program	10.38	105	1,090	1.24%
	Miscellaneous	4.59	478	2,194	2.51%
	Personnel Cases	17.39	28	487	0.56%
	Public Information Act Cases	14.63	2	29	0.03%
	<b>Total</b>		<b>14,113</b>	<b>19,168</b>	<b>21.89%</b>
<b>Department of Human Resources</b>					
	Child Support Enforcement	7.19	165	1,186	1.36%
	Income Maintenance	0.89	3,995	3,556	4.06%
	Child Abuse and Neglect	10.82	670	7,249	8.28%
	Personnel Cases	17.39	21	365	0.42%
	Public Information Act Cases	14.63	1	15	0.02%
	Baltimore City DSS – Personnel Cases	17.39	2	35	0.04%
	<b>Total</b>		<b>4,854</b>	<b>12,406</b>	<b>14.17%</b>

*D99A11 – Office of Administrative Hearings*

<u>Agency</u>	<u>Type of Cases</u>	<u>Avg. Case Hours</u>	<u>Est. No. of Cases</u>	<u>Total Case Hours</u>	<u>% of Total</u>
<b>Department of Labor, Licensing, and Regulations</b>					
	Home Improvement Commission	9.73	186	1,810	2.07%
	Real Estate Commission	19.14	34	651	0.74%
	Occupation Safety and Health	14.29	88	1,258	1.44%
	Miscellaneous	9.88	35	346	0.39%
	Unemployment Insurance	17.39	21	365	0.42%
	Personnel Cases	17.39	4	70	0.08%
	<b>Total</b>		<b>368</b>	<b>4,499</b>	<b>5.14%</b>
<b>Department of Public Safety and Correctional Services</b>					
	Personnel Cases	17.39	97	1,687	1.93%
	Inmate Grievance Office	5.75	426	2,450	2.80%
	<b>Total</b>		<b>523</b>	<b>4,136</b>	<b>4.72%</b>
<b>Department of Education</b>					
	Mediations*	5.12	260		0.00%
	Cases	22.45	222	4,984	5.69%
	Miscellaneous	8.34	374	3,119	3.56%
	<b>Total</b>		<b>856</b>	<b>8,103</b>	<b>9.26%</b>
<b>St. Mary's College of Maryland</b>					
	Personnel Cases	17.39	1	17	0.02%
	<b>Total</b>		<b>1</b>	<b>17</b>	<b>0.02%</b>
<b>University of Maryland, Baltimore</b>					
	Personnel Cases	17.39	2	35	0.04%
	<b>Total</b>		<b>2</b>	<b>35</b>	<b>0.04%</b>
<b>University of Maryland, College Park</b>					
	Personnel Cases	17.39	21	365	0.42%
	<b>Total</b>		<b>21</b>	<b>365</b>	<b>0.42%</b>
<b>Towson University</b>					
	Personnel Cases	17.39	5	87	0.10%
	<b>Total</b>		<b>5</b>	<b>87</b>	<b>0.10%</b>
<b>Coppin State University</b>					
	Personnel Cases	17.39	2	35	0.04%
	<b>Total</b>		<b>2</b>	<b>35</b>	<b>0.04%</b>

*D99A11 – Office of Administrative Hearings*

<u>Agency</u>	<u>Type of Cases</u>	<u>Avg. Case Hours</u>	<u>Est. No. of Cases</u>	<u>Total Case Hours</u>	<u>% of Total</u>
<b>Salisbury University</b>					
	Personnel Cases	17.39	2	35	0.04%
	<b>Total</b>		<b>2</b>	<b>35</b>	<b>0.04%</b>
<b>University of Maryland University College</b>					
	Personnel Cases	17.39	1	17	0.02%
	<b>Total</b>		<b>1</b>	<b>17</b>	<b>0.02%</b>
<b>Maryland School for the Deaf</b>					
	Personnel Cases	17.39	1	17	0.02%
	<b>Total</b>		<b>1</b>	<b>17</b>	<b>0.02%</b>
<b>Department of Housing and Community Development</b>					
	Cases	17.39	23	400	0.46%
	Cases – FM	2.14	5,481	11,729	13.40%
	<b>Total</b>		<b>5,504</b>	<b>12,129</b>	<b>13.85%</b>
<b>Department of Environment</b>					
	Cases	20.73	103	2,135	2.44%
	Public Information Act Cases	14.63	1	15	0.02%
	<b>Total</b>		<b>104</b>	<b>2,150</b>	<b>2.46%</b>
<b>Department of Juvenile Services</b>					
	Personnel Cases	17.39	50	870	0.99%
	<b>Total</b>		<b>50</b>	<b>870</b>	<b>0.99%</b>
<b>State Police</b>					
	Cases	6.19	67	415	0.47%
	Public Information Act Cases	14.63	2	29	0.03%
	Personnel Cases	17.39	3	52	0.06%
	<b>Total</b>		<b>72</b>	<b>496</b>	<b>0.57%</b>
	<b>Grand Total</b>		<b>47,109</b>	<b>87,550</b>	<b>100.00%</b>

\*Includes \$80,000 grant.

DSS: Department of Social Services

FM: foreclosure mediation

MDOT: Maryland Department of Transportation

MVA: Motor Vehicle Administration

## ***Audit Findings***

---

Audit Period for Last Audit:	June 15, 2011 – August 3, 2014
Issue Date:	December 2014
Number of Findings:	1
Number of Repeat Findings:	0
% of Repeat Findings:	0%
Rating: (if applicable)	n/a

***Finding 1:*** OAH did not comply with State procurement regulations when purchasing temporary staffing services.

\*Bold denotes item repeated in full or part from preceding audit report.

**Object/Fund Difference Report  
Office of Administrative Hearings**

<u>Object/Fund</u>	<u>FY 14 Actual</u>	<u>FY 15 Working Appropriation</u>	<u>FY 16 Allowance</u>	<u>FY 15 - FY 16 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	118.00	120.00	120.00	0.00	0%
02 Contractual	5.70	11.50	8.50	-3.00	-26.1%
<b>Total Positions</b>	<b>123.70</b>	<b>131.50</b>	<b>128.50</b>	<b>-3.00</b>	<b>-2.3%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 11,749,320	\$ 12,563,307	\$ 13,039,471	\$ 476,164	3.8%
02 Technical and Spec. Fees	432,599	645,877	552,234	-93,643	-14.5%
03 Communication	193,357	204,475	196,659	-7,816	-3.8%
04 Travel	184,459	137,351	138,444	1,093	0.8%
06 Fuel and Utilities	130,791	133,934	134,715	781	0.6%
07 Motor Vehicles	7,460	27,102	16,144	-10,958	-40.4%
08 Contractual Services	612,068	684,572	627,532	-57,040	-8.3%
09 Supplies and Materials	157,228	126,439	126,122	-317	-0.3%
10 Equipment – Replacement	25,139	41,980	6,980	-35,000	-83.4%
11 Equipment – Additional	57,313	0	35,000	35,000	N/A
13 Fixed Charges	929,533	936,605	939,434	2,829	0.3%
<b>Total Objects</b>	<b>\$ 14,479,267</b>	<b>\$ 15,501,642</b>	<b>\$ 15,812,735</b>	<b>\$ 311,093</b>	<b>2.0%</b>
<b>Funds</b>					
03 Special Fund	\$ 1,065,968	\$ 1,200,724	\$ 43,500	-\$ 1,157,224	-96.4%
09 Reimbursable Fund	13,413,299	14,300,918	15,769,235	1,468,317	10.3%
<b>Total Funds</b>	<b>\$ 14,479,267</b>	<b>\$ 15,501,642</b>	<b>\$ 15,812,735</b>	<b>\$ 311,093</b>	<b>2.0%</b>

Note: The fiscal 2015 working appropriation does not include January 2015 Board of Public Works reductions and deficiencies. The fiscal 2016 allowance does not reflect contingent or across-the-board reductions.