

C81C
Office of the Attorney General

Executive Summary

The Office of the Attorney General (OAG) is the primary legal counsel for the State.

Operating Budget Data

(\$ in Thousands)

	<u>FY 18</u> <u>Actual</u>	<u>FY 19</u> <u>Working</u>	<u>FY 20</u> <u>Allowance</u>	<u>FY 19-20</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$18,504	\$18,852	\$20,348	\$1,496	7.9%
Adjustments	0	103	499	395	
Adjusted General Fund	\$18,504	\$18,956	\$20,847	\$1,892	10.0%
Special Fund	8,184	11,247	12,161	915	8.1%
Adjustments	0	36	184	148	
Adjusted Special Fund	\$8,184	\$11,283	\$12,345	\$1,062	9.4%
Federal Fund	3,146	3,624	3,701	77	2.1%
Adjustments	0	19	87	68	
Adjusted Federal Fund	\$3,146	\$3,643	\$3,788	\$145	4.0%
Reimbursable Fund	5,902	5,701	5,612	-88	-1.6%
Adjustments	0	0	0	0	
Adjusted Reimbursable Fund	\$5,902	\$5,701	\$5,612	-\$88	-1.6%
Adjusted Grand Total	\$35,736	\$39,582	\$42,593	\$3,010	7.6%

Note: The fiscal 2019 appropriation includes deficiencies, a one-time \$500 bonus, and general salary increases. The fiscal 2020 allowance includes general salary increases.

- The adjusted allowance for OAG increases by \$3.0 million (7.6%) above the fiscal 2019 working appropriation. This increase is largely attributable to increasing personnel expenditures, including both new positions and the impact of statewide salary actions.

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

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C81C – Office of the Attorney General

- Despite the overall growth of the budget, it is the view of the Department of Legislative Services that the budget is underfunded by at least \$800,000 on a continuing services basis.

Personnel Data

	<u>FY 18</u> <u>Actual</u>	<u>FY 19</u> <u>Working</u>	<u>FY 20</u> <u>Allowance</u>	<u>FY 19-20</u> <u>Change</u>
Regular Positions	264.50	269.50	274.50	5.00
Contractual FTEs	<u>12.99</u>	<u>41.35</u>	<u>49.40</u>	<u>8.05</u>
Total Personnel	277.49	310.85	323.90	13.05

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	18.27	7.15%
Positions and Percentage Vacant as of 12/31/18	30.50	11.32%

- The budget includes a net increase of 5 regular positions. Within that total, 13 new positions are created, and 8 long-term vacant positions are abolished. The newly established positions are for the following purposes:
 - 6 staff, including 5 attorneys, to work on housing issues;
 - 4 assistant Attorneys General (AAG) in the Criminal Investigation Division for opioid interdiction activities;
 - 2 AAGs in the Legal Advice and Counsel Program to support the investigation into the Baltimore Archdiocese; and
 - 1 AAG in the Civil Litigation Division to service the legal needs of the Judiciary to add a fourth attorney to that duty.
- The budget includes an increase of 8.05 contractual full-time equivalents (FTE). This includes 8.0 new FTEs in the Consumer Protection Division to support the implementation of the Financial Consumer Protection Act of 2018 (Chapters 731 and 732).
- The fiscal 2019 working appropriation also includes 4 regular positions more than the fiscal 2019 legislative appropriation. Those positions are transferred from the Department of Public Safety and Correctional Services to the Correctional Litigation Division.

Key Observations

- ***Budget Is Underfunded by Over \$800,000:*** Despite \$6.9 million in growth between fiscal 2018 and 2020, OAG’s base operations are underfunded by over \$800,000. Budget growth is more than consumed by personnel expenditures and new agency responsibilities, and the budget shortfall likely means a significant slowdown in hiring.
- ***Budget Allowance Begins to Address Staffing Needs:*** OAG’s staff complement will increase by 10 regular positions from fiscal 2018 to fiscal 2020, including 13 new positions, 4 transferred positions, and 8 abolished positions. If OAG is able to hire for all of these new positions, it will be the agency’s best opportunity to resolve staffing shortages in years. However, the abolished positions mean that there is more work left to be done.

Operating Budget Recommended Actions

1. Adopt narrative requesting a study on the mission and organization of the Office of the Attorney General.

C81C
Office of the Attorney General

Operating Budget Analysis

Program Description

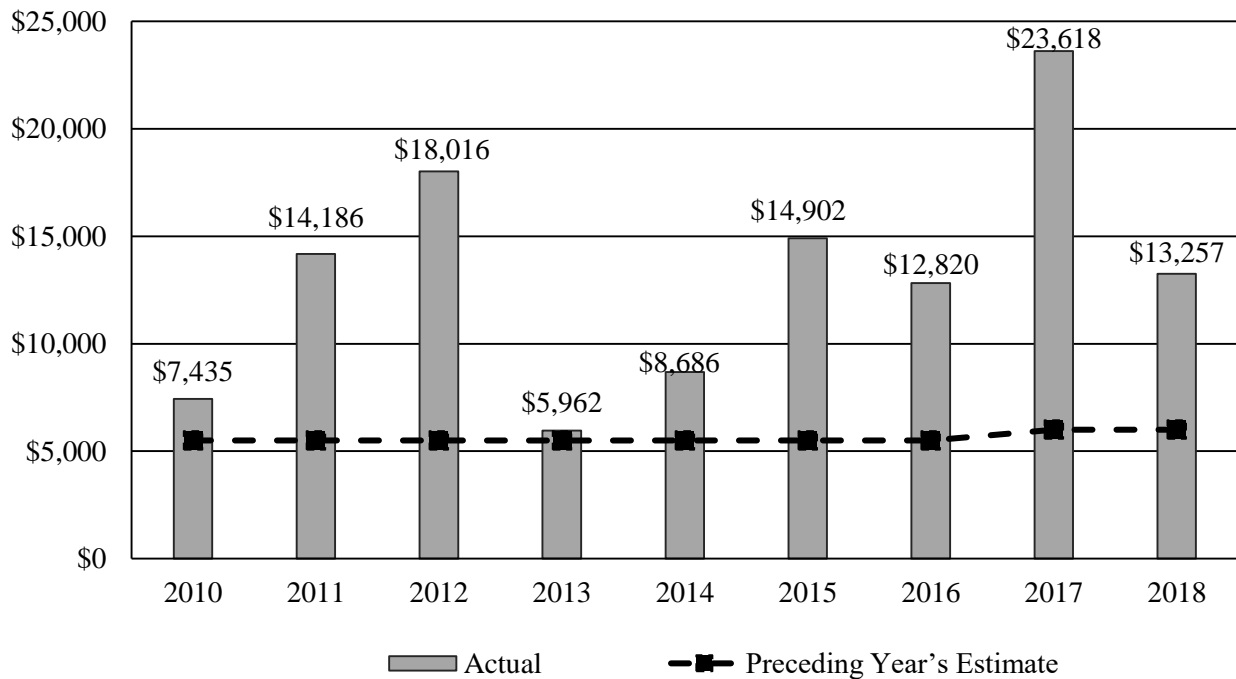
The Attorney General acts as legal counsel to the Governor; the General Assembly; the Judiciary; and all departments, boards, and commissions (except the Maryland Commission on Civil Rights, the Public Service Commission, and the State Ethics Commission). The Office of the Attorney General (OAG) represents the State in all matters of interest to the State, including civil litigation and criminal appeals in all State and federal courts. The office also reviews legislation passed by the General Assembly prior to consideration by the Governor. The office is currently supported by 13 divisions: Legal Counsel and Advice; Securities; Consumer Protection; Antitrust; Medicaid Fraud Control; Civil Litigation; Criminal Appeals; Criminal Investigation; Educational Affairs; Correctional Litigation; Contract Litigation; People's Insurance Counsel; and the Juvenile Justice Monitoring Unit. The office is also currently overseeing the expenditures of the Mortgage Loan Servicing Practices Settlement Fund.

Performance Analysis: Managing for Results

1. Consumer Protection Division Continues Run of Strong Recoveries

The Consumer Protection Division of OAG assists citizens by providing mediation and arbitration service to consumers to help resolve complaints against businesses and health insurance carriers. As shown in **Exhibit 1**, OAG recovered \$13.3 million in recoveries for consumers in fiscal 2018. This is down by \$10.4 million from fiscal 2017, but it is also the fourth year in a row with total recoveries in excess of \$10 million. It is important to remember that recoveries are volatile and depend upon the size and composition of the caseload, but these strong returns indicate that OAG has been successful in pursuing cases in which there had been significant harm to consumers. Additionally, restitution is sometimes paid directly to the affected consumers, and State recoveries may be restricted to consumer protection activities within OAG. OAG has also noted that it is challenging to predict both the timing of settlements and the amounts that will be recovered. For these reasons, OAG sets a conservative goal for such recoveries of \$6 million per year.

Exhibit 1
Consumer Protection Division
Consumer Recoveries
Fiscal 2010-2018
(\$ in Thousands)

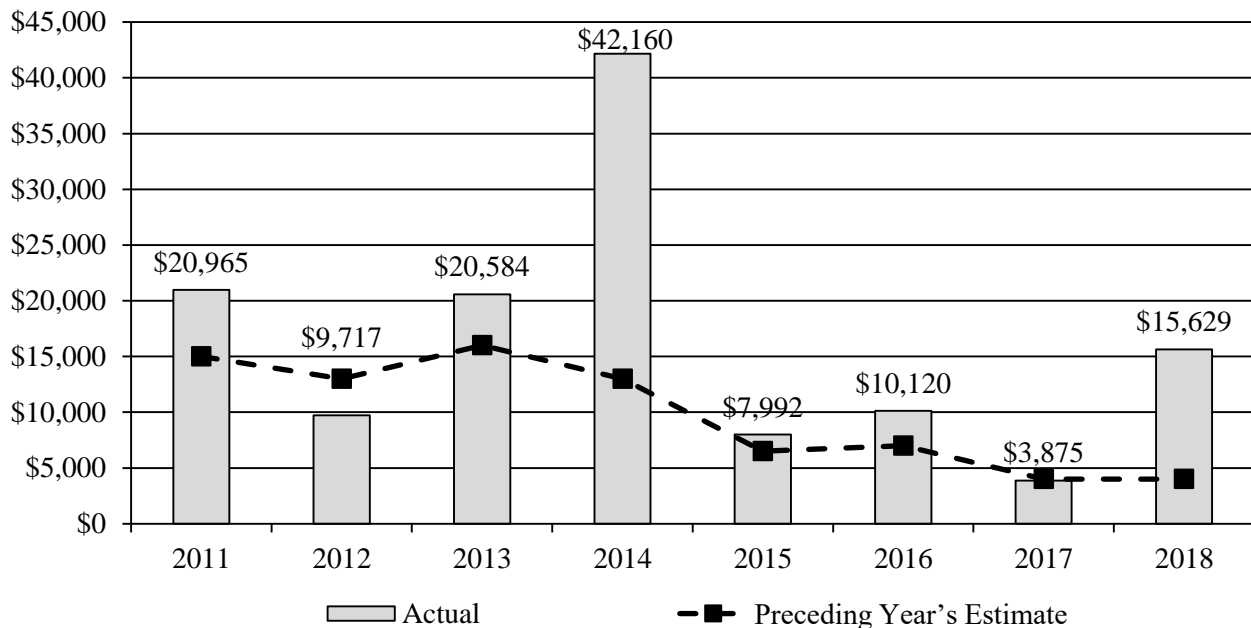


Source: Department of Budget and Management

2. Large Recoveries Drive Growth in Medicaid Fraud Control Unit

The Medicaid Fraud Control Unit (MCFU) is charged with investigating and prosecuting Medicaid provider fraud as well as cases of abuse and neglect of vulnerable adults. In fiscal 2018, there were 137 new cases brought to MCFU, down from 208 in fiscal 2017. OAG has reported that this decrease is driven by a decline in allegations of Medicaid fraud rather than factors unique to the State's MFCU. As shown in **Exhibit 2**, however, collections increased to \$15.6 million in fiscal 2018 due to the resolution of large claims. Like consumer protection recoveries, MCFU recoveries are difficult to predict and depend upon the nature of individual cases. In addition to financial recoveries, there were criminal charges filed in 17 cases, and civil settlements were reached in 27 cases, both increases over fiscal 2017.

Exhibit 2
Medicaid Fraud Control Unit
Fines and Collections
Fiscal 2011-2018
(\$ in Thousands)



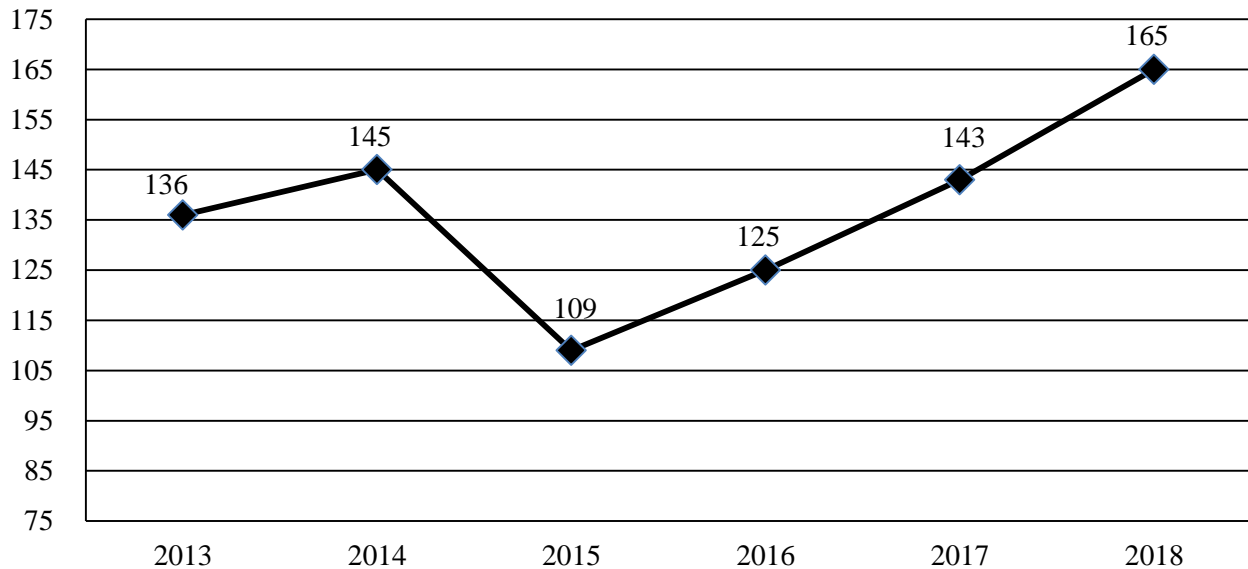
Note: Includes State and federal collections.

Source: Department of Budget and Management

3. Civil Litigation Caseload Continues to Grow

Much of this analysis is devoted to the interaction between staff and budget issues and the strain that the entire OAG is currently under on both fronts, especially in the fiscal 2020 budget. One area where this strain is particularly evident is the civil litigation division. OAG has a total of 10 attorneys in its Civil Litigation Division who handle major litigation for the State and are responsible for the most significant and complex cases to which the State is a party, including *Benisek v. Lamone* (redistricting), *Department of General Services v. State Center* (dispute with developers over the redevelopment of the State Center), and *Frosh et al v. Association for Accessible Medicines* (defense of Chapter 818 of 2017 – Public Health – Essential Off-Patent or Generic Drugs – Price Gouging – Prohibition). In addition to higher profile cases, there are also over a hundred other cases, many of which are legally or technically complex. The growth in the caseload for these attorneys is illustrated in **Exhibit 3**.

Exhibit 3
Civil Litigation Caseload
Fiscal 2013-2018



Source: Department of Budget and Management

The attorneys who take on these cases are highly skilled and can command much larger salaries not only in the private sector but also in other divisions of government. As of December 31, 2018, there were 2 vacancies out of 14 total attorneys in this division, and there is a constant risk that overwork and undercompensation will push more attorneys out of State service, making it more difficult for the State to prevail in its most important cases.

Fiscal 2019 Actions

Proposed Deficiency

The Governor's budget plan includes two statewide personnel actions that impact OAG's fiscal 2019 appropriation. First, a \$500 bonus for qualifying employees on April 1, 2019, adds \$84,702 in general funds, \$29,535 in special funds, and \$15,717 in federal funds. Second, a 0.5% general salary increase, also effective April 1, 2019, adds \$18,537 in general funds, \$6,837 in special funds, and \$3,215 in federal funds.

Fiscal 2020 Allowance

Overview of Agency Spending

OAG has a kaleidoscope of duties, from preventing Medicaid fraud, to participating in major law enforcement investigations, to protecting consumers and regulating homebuilders, to guiding the State on the Public Information Act, all while providing legal support to State government agencies and State's Attorneys. Therefore, the budget is spread across a wide array of programs and divisions. **Exhibit 4** illustrates how the agency's \$42.6 million allowance is allocated.

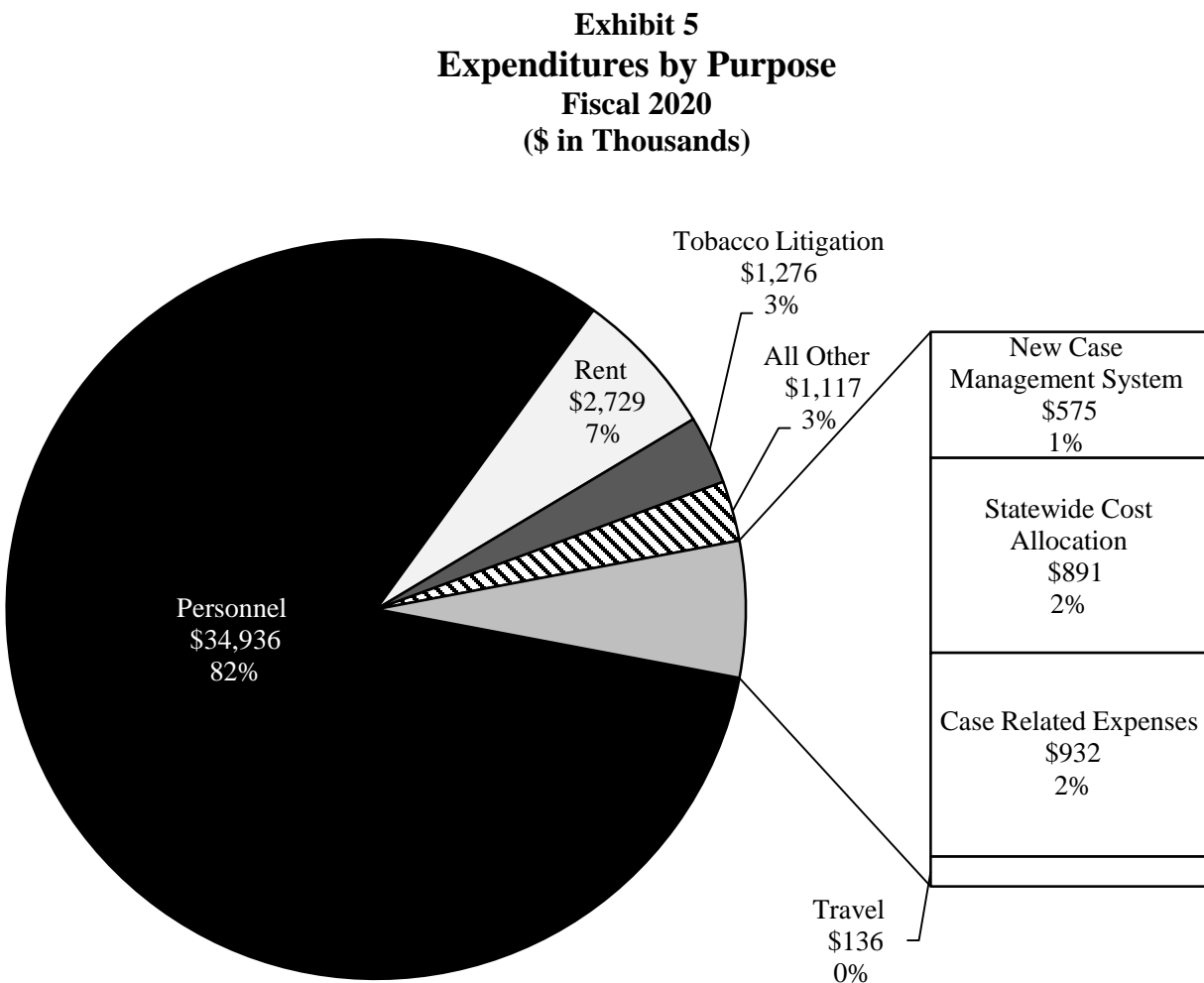
Exhibit 4 Fiscal 2020 Allowance By Program and Fund Source

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Program Total</u>
Legal Counsel and Advise	\$5,714	\$2,245	\$0	\$2,015	\$9,974
Securities Division	2,676	1,292	0	0	3,967
Consumer Protection Division	712	7,207	0	1,067	8,986
Antitrust Division	752	0	0	0	752
Medicaid Fraud Control Unit	1,257	0	3,772	0	5,029
People's Insurance Counsel Division	0	649	0	0	649
Juvenile Justice Monitoring Program	485	0	0	0	485
Civil Litigation	2,904	502	0	149	3,554
Criminal Appeals	3,019	0	0	0	3,019
Criminal Investigation Division	2,217	0	0	17	2,234
Educational Affairs Division	379	0	0	0	379
Correctional Litigation Division	632	0	0	217	849
Contract Litigation Division	0	0	0	2,252	2,252
Mortgage Foreclosure Settlement Program	0	464	0	0	464
Fund Total	\$20,745	\$12,359	\$3,772	\$5,717	\$42,593

Source: Department of Legislative Services

As Exhibit 4 illustrates, OAG’s budget and funding streams are complex compared to the size of the agency. The special funds in the fiscal 2020 allowance are received from nine separate special fund accounts, each with its own rules and revenue sources. Reimbursable funds are also received from nine separate agency accounts for specified purposes.

Exhibit 5 divides the allowance into some of the principal objects of expenditure. As this exhibit shows, OAG’s budget is unusually personnel focused, especially given the case-related expenses that the agency incurs. OAG has reported that personnel expenditures make up a particularly large share of the allowance because the agency has been forced to slow hiring in order to stay within its appropriations and fund operations. This issue will be discussed in greater detail over the remainder of this analysis.



Source: Department of Legislative Services

Proposed Budget Change

The adjusted fiscal 2020 allowance increases by \$3.0 million (7.6%) as shown in **Exhibit 6**. This increase is attributable to statewide personnel actions and 5 new regular positions. The budget also fully funds a new \$700,000 general fund mandate as required by Chapters 731 and 732 of 2018 (Financial Consumer Protection Act).

Exhibit 6 Proposed Budget Office of the Attorney General (\$ in Thousands)

How Much It Grows:	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2018 Actual	\$18,504	\$8,184	\$3,146	\$5,902	\$35,736
Fiscal 2019 Working Appropriation	18,956	11,283	3,643	5,701	39,582
Fiscal 2020 Allowance	<u>20,847</u>	<u>12,345</u>	<u>3,788</u>	<u>5,612</u>	<u>42,593</u>
Fiscal 2019-2020 Amount Change	\$1,892	\$1,062	\$145	-\$88	\$3,010
Fiscal 2019-2020 Percent Change	10.0%	9.4%	4.0%	-1.6%	7.6%

Where It Goes:

Personnel Expenses

13 new positions.....	\$1,132
3% general salary increase effective July 1, 2019.....	661
Employer pension contribution	287
Turnover	265
Reclassifications.....	240
Annualization of 2% general salary increase effective January 1, 2019	207
Other adjustments.....	179
Annualization of 0.5% salary increase effective April 1, 2019.....	80
Impact of fiscal 2019 \$500 employee bonus on April 1, 2019.....	-130
Employee and retiree health insurance.....	-174
8 abolished positions	-537

Other Changes

Mandated funding for Chapter 731 and 732 of 2018 (Financial Consumer Protection Act) to support 8.0 contractual full-time equivalents.....	700
Statewide charges	197
Postage	43

Where It Goes:

Vehicle purchases.....	-16
New case management system major information technology project	-125
Total	\$3,010

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

Personnel

The fiscal 2020 allowance includes several significant personnel changes. Statewide salary actions (including the \$500 bonus for qualifying employees in fiscal 2019) cause a net increase of \$817,645. The allowance also includes other reclassifications and other compensation changes that increase the allowance by an additional \$239,842.

The largest changes in the personnel allowance are an increase of \$1.1 million for 13 new regular positions for the following purposes:

- 6 staff, including 5 attorneys, for housing issues;
- 4 assistant Attorneys General (AAG) in the Criminal Investigation Division for opioid interdiction activities;
- 2 AAGs in the Legal Advice and Counsel Program due to support the investigation into the Baltimore Archdiocese; and
- 1 AAG in the Civil Litigation Division to service the legal needs of the Judiciary to add a fourth attorney to that duty.

These increases are partially offset by the abolishment of 8 long-term vacant positions across the agency, which reduces the appropriation by \$536,741.

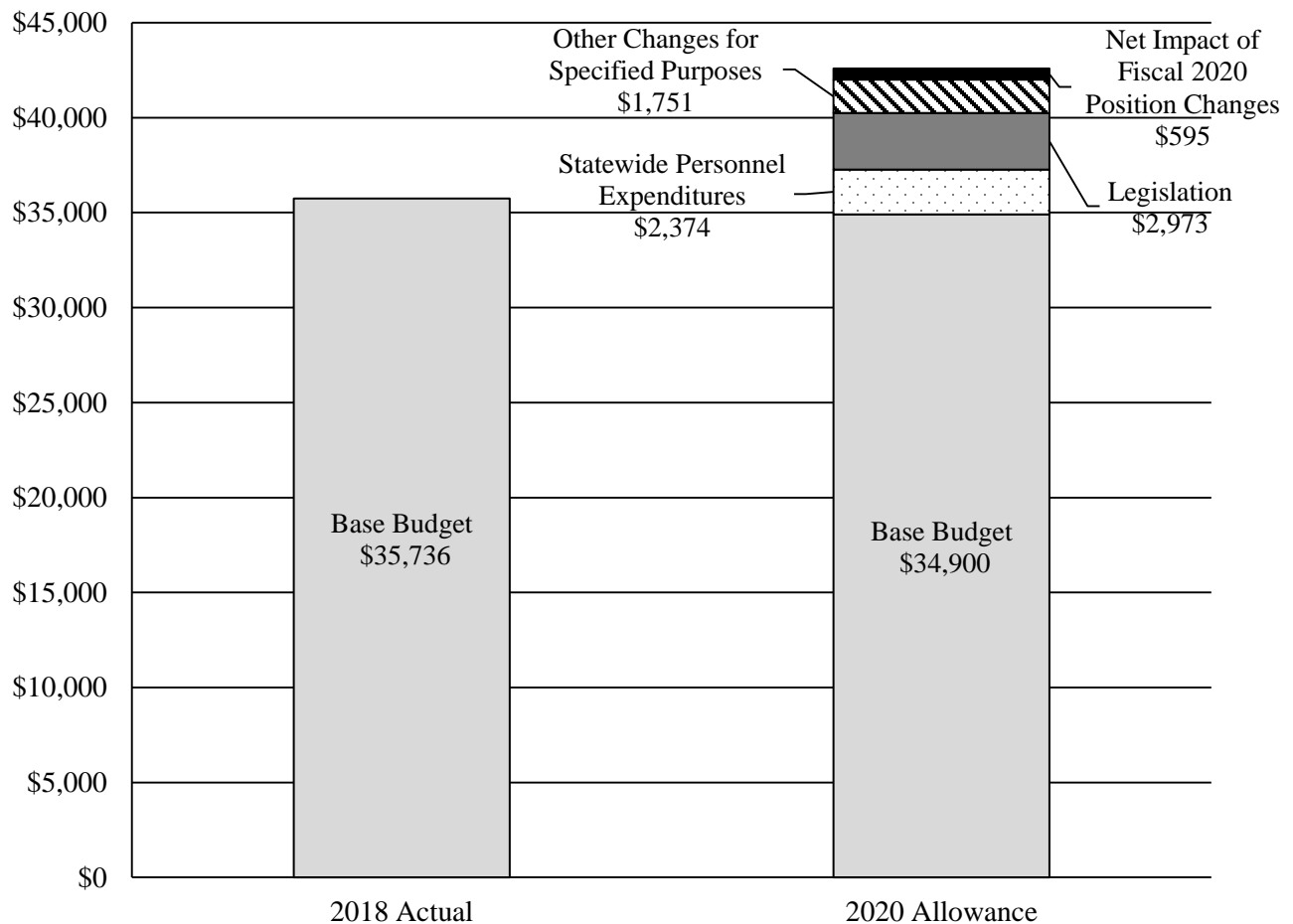
Other Changes

The other significant change to the fiscal 2020 allowance is an increase of \$700,000 in general funds as mandated by the Financial Consumer Protection Act (Chapters 731 and 732). These funds are allocated for the hiring of 8 contractual staff.

On a Continuing Services Basis, the Fiscal 2020 Allowance Is Underfunded by Over \$800,000

Despite the 7.6% growth in OAG’s fiscal 2020 allowance over fiscal 2019 and 19.2% growth over the agency’s actual fiscal 2018 expenditures, the Department of Legislative Services (DLS) believes that, on a continuing services basis, operations have been underfunded by over \$800,000. This deficit is explained in **Exhibit 7**, which shows that new and increased spending obligations have more than consumed the growth in the budget.

Exhibit 7
Continuing Services and New Expenditures
Fiscal 2018 and 2020
(\$ in Thousands)



Source: Department of Legislative Services

Expenditures directly tied to new legislation have added \$3.0 million since fiscal 2018, and statewide personnel expenditures (statewide general salary increases, health insurance inflation, and the growth of the actuarial pension contribution rate) add another \$2.4 million. The net impact of the creation and abolition of positions in fiscal 2020 is \$595,077.

In addition, DLS has identified a further \$1.8 million in expenditures for programming from the Mortgage Loan Servicing Practices Settlement Fund, for a new case management system, tobacco litigation, renewal of office leases across the State, and allocations for statewide controlled expenditures. Each of those items is fully funded in the fiscal 2020 allowance, but that growth obscures the broader condition of OAG's budget.

It is important to keep in mind that this reported funding gap (\$836,419) is accurate insofar as it identifies the impact of new expenditures, but it does not account for inflation (or deflation) of operating expenditures nor does it include any reductions that could be achieved with careful management or savings due to one-time costs incurred by the agency in fiscal 2018. It is also worth noting that most subobjects in the fiscal 2020 allowance are simply budgeted at the same level as they were in fiscal 2019, which calls into question how much consideration was given to the agency's operating needs through the budget development process.

This conclusion is also based on the premise that OAG should have a continuing services budget. While that is the standard assumption in the State's budget, it is not an assumption that any agency, the Department of Budget and Management, the Governor's Office, or the General Assembly is required to follow. However, in light of the robust growth in overall revenues and expenditures for fiscal 2019 and 2020, DLS finds this failure to fund continuing operations to be particularly concerning.

In addition, OAG reports that the 8 long-term vacant positions that have been abolished were held open by the agency to ensure that it could stay within its appropriation and manage its other operating costs. In other words, the practice in the agency was to devote the funds allocated to pay employees hired into those positions toward meeting the agency's turnover target and then paying for other operating costs, which were systematically underfunded. This is not the way a budget should be managed because it decreases transparency for appropriators and masks the true needs of the agency. However, it is the natural consequence for a personnel-centered agency that has never had a chance to recover from the difficult years of the recession when many other agencies in State government found savings in vacancies.

The situation is not all negative. The growth in the agency's budget certainly puts it in a better position than it would have been otherwise. As discussed above, major legislation over the last two-years has included dedicated funding streams and mandates to ensure that new priorities would not force OAG to set aside existing obligations. Salary enhancements make OAG more competitive in hiring and more likely to retain staff, and the new case management system will allow those staff to operate more effectively. Finally, the new positions included in the fiscal 2020 budget are being addressed to some extent.

DLS recommends that the agency comment on what steps will be necessary to operate within its fiscal 2020 allowance and whether it will be able to fill the new positions created in the fiscal 2020 allowance. DLS also recommends that OAG not take additional responsibilities unless funds are provided to fulfill those obligations.

Issues

1. Despite Progress, Staffing Concerns Continue to Mount

Prior to the 2018 legislative session, DLS produced an analysis of staffing across the Executive Branch. While DLS was not able to include a quantified staffing need because OAG does not have workload standards, the agency did report that it was under significant pressure due to an inadequate number of positions in the agency and a growing workload and expanding responsibilities. In addition, the agency reported a vacancy rate of over 12% and reported that it struggled to hire and retain staff, particularly attorneys, due to the agency's uncompetitive salary scale. As we have now learned, the agency also needed to hold positions open to fund its operations.

Concerned about these reports, the committees requested that OAG prepare a report on staffing and salary issues, which the agency submitted in December 2018. This report and other events have brought this issue into better focus.

OAG's Staffing Report

The staffing report provided by OAG provides a detailed breakdown of the agency's increased responsibilities. It also describes a caseload that is increasingly comprised of complex cases, particularly related to antitrust and consumer protection. Overall, it describes an agency that, if fully staffed consistently, would probably be better able to manage most of its core duties but not without difficulty. It appears that the particular problem for the agency is that it has been forced to trim staff from some programs, such as administration, the Juvenile Justice Monitoring Unit, and the Antitrust Division, in order to ensure that it could litigate high-priority cases, especially in the consumer protection area. Those trims to other departments have become permanent, as workloads in other divisions have remained high. This pushes all staff across the agency, who are forced to absorb any increases in their workload, usually without significant hope of backup. This condition has persisted long enough that it appears necessary to comprehensively assess the duties of the agency and the appropriate staff complement needed to accomplish that workload.

New Positions Are Necessary but Not Sufficient to Address Needs

As discussed earlier in this analysis, the fiscal 2020 allowance provides 13 new positions, including 12 attorneys, directed toward needs described in OAG's staffing report. Additionally, the budget transfers a further 4 positions from the Department of Public Safety and Correctional Services to the Correctional Litigation Division in fiscal 2019. For an agency that ended fiscal 2018 with 264.5 regular positions, this represents a significant increase in staffing and, even accounting for the 8 abolished positions, the total complement of regular positions is growing by 3.4%.

While this is good progress, especially when coupled with additional contractual staff that have been added over the last two years to support new statutory duties (36.4 full-time equivalents), it does not address other identified needs discussed above. Unfortunately, until the underfunding of the operating budget discussed above is resolved, it seems extremely unlikely that OAG will be able to fill

all of these positions, which means that the potential of this position allowance is unlikely to be fully realized.

Next Steps

The issues raised in the report and the discussion of the budget earlier in this analysis are inexorably linked. If OAG cannot fund its operations, then these positions cannot be filled, no matter how important they are. However, if the positions remain vacant, it becomes untenable to argue that the agency is properly staffed. Therefore, while the fiscal 2020 allowance undoubtedly moves forward on positions, this progress is illusory until the agency has the budget to support itself. The only way to truly resolve these issues is to address them both simultaneously. In the view of DLS, this situation justifies a much more detailed review of OAG and its duties.

DLS recommends that the committees request a study that includes a comprehensive review of the responsibilities of the Office of the Attorney General, that a plan be developed to reorganize the agency's divisions to promote understanding of the agency's duties, and that, to the extent practicable, workload standards should be established for OAG's attorneys.

Operating Budget Recommended Actions

1. Adopt the following narrative:

Mission and Organization of the Office of the Attorney General: The budget committees are concerned with the current mission, organizational structure, and distribution of staff for the Office of the Attorney General (OAG). Over the years, OAG has accrued a variety of disparate responsibilities in addition to its core responsibility as the State’s legal representative. Examples include the Juvenile Justice Monitoring Unit (2006), administration of the Mortgage Loan Servicing Practices Settlement Fund (2012), and the Public Information Act Compliance Board (2015). In addition, the scope of OAG’s consumer protection and financial regulation duties has expanded considerably as has the office’s assistance with State and local law enforcement agencies and pursuit of other major litigation.

Over the last three legislative sessions, it has become increasingly clear to the committees that the evolving duties of OAG make it difficult for policymakers and other stakeholders to understand the core functions of OAG, the breadth of other duties performed by the office, or the staff resources necessary to perform those duties. The committees have received reports on understaffing across OAG while also observing that OAG chooses to or is asked to take on additional responsibilities with or without the provision of staff to perform those duties.

It is the intent of the budget committees that OAG prepare a study of its mission, duties, and organization. This study should include:

- a plan to modernize the organization of OAG to reflect the current functions of the agency, promote outside understanding of the duties of the Attorney General, and streamline operations;
- a comprehensive list of the legally mandated duties of the Attorney General, how the office is meeting those duties, and identification of any duties that are no longer necessary for OAG to perform;
- recommendations for statutory changes that the Attorney General considers appropriate to facilitate the modernization of the office’s organization and to more clearly define its functions; and
- a section providing, to the extent practicable, workload measures for agency attorneys against which caseloads can be reviewed by the committees when evaluating agency staffing needs.

Information Request	Author	Due Date
Mission and organization of OAG	OAG	September 1, 2019

Appendix 1
Current and Prior Year Budgets
Office of the Attorney General
(\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2018					
Legislative Appropriation	\$18,782	\$9,421	\$3,543	\$5,889	\$37,635
Deficiency/Withdrawn Appropriation	-201	-78	-41	0	-319
Cost Containment	0	0	0	0	0
Budget Amendments	4	435	0	251	690
Reversions and Cancellations	-81	-1,595	-356	-237	-2,270
Actual Expenditures	\$18,504	\$8,184	\$3,146	\$5,902	\$35,736
Fiscal 2019					
Legislative Appropriation	\$18,717	\$11,199	\$3,600	\$5,701	\$39,217
Budget Amendments	135	48	24	0	207
Working Appropriation	\$18,852	\$11,247	\$3,624	\$5,701	\$39,424

Note: The fiscal 2019 appropriation does not include deficiencies, a one-time \$500 bonus, or general salary increases. Numbers may not sum to total due to rounding.

Fiscal 2018

The Office of the Attorney General (OAG) closed fiscal 2018 \$1.9 million below its legislative appropriation. This decrease is attributable to the reversion or cancellation of a total of \$2.3 million in all funds partially offset by additional reimbursable and special fund expenditures.

General Fund

Actual general fund expenditures were \$277,786 below the legislative appropriation. The following actions adjusted the legislative appropriation:

- a provision in the 2018 budget removed \$200,543 to reflect lower health insurance costs;
- a budget amendment added \$4,204 to realign statewide telecommunications expenditures; and
- a total of \$81,447 in unexpended operating funds were reverted.

Special Funds

Actual special fund expenditures were \$1.2 million below the legislative appropriation. Adjustments include:

- a provision in the 2018 budget bill removed \$77,939 to reflect lower health insurance costs;
- a budget amendment added \$434,735 for the implementation of 2017 amendments to the Maryland Securities Act (\$429,503) and for witness and victim protection (\$5,232); and
- a total of \$1.6 million was canceled across several programs. Significant cancellations include the \$429,503 added by budget amendment for the Maryland Securities Act, \$450,452 from Mortgage Loan Servicing Practices Settlement Fund, \$282,508 for the Maryland Defense Act based on the actual cost to hire staff, and \$305,852 for operations in the Consumer Protection Division.

Federal Funds

Actual federal fund expenditures were \$397,019 below the legislative appropriation. This decrease is attributable to the cancellation of unspent operating funds in the Medicaid Fraud Control Unit (\$356,086) and a provision in the fiscal 2018 Budget Bill that removed \$40,933 to reflect lower health insurance costs.

Reimbursable Funds

Actual reimbursable fund expenditures were \$13,812 above the legislative appropriation. Budget amendments added funds for the Prison Gangs Criminal Activity Reduction Program (\$157,911) and the Asset Recovery for Exploited Seniors program (\$93,385). These increases were partially offset by the cancellation of \$237,484 across OAG, the largest portion of which was \$113,799 in operating funds in the Office of Consumer Protection.

Fiscal 2019

To date, there has been one change to the fiscal 2019 legislative appropriation. A budget amendment added \$134,971 in general funds, \$47,705 in special funds, and \$24,229 in federal funds for a 2% general salary increase that went into effect January 1, 2019.

Appendix 2
Major Information Technology Projects
Office of the Attorney General
Case Management Replacement

Project Status	Implementation.			New/Ongoing Project:		Ongoing.		
Project Description:	New case management system to replace 15-year-old system.							
Project Business Goals:	Replace obsolete system with new web-based system that functions with all of the Office of the Attorney General’s (OAG) business processes while adding capacity to access systems away from the office.							
Estimated Total Project Cost:	\$3,825,000			Estimated Planning Project Cost:		\$600,000		
Project Start Date:	July 2016.			Projected Completion Date:		n/a.		
Schedule Status:	System is being tested in select OAG units and went live for the first cohort of civil attorneys in January 2019. It is currently anticipated that civil and criminal division attorneys and the Consumer Protection Division will be using the system by the end of calendar 2019.							
Cost Status:	Total estimated project cost is \$3.8 million, of which \$2.1 million was appropriated from fiscal 2017 to 2019. The fiscal 2020 allowance is \$575,000.							
Scope Status:	n/a.							
Project Management Oversight Status:	Department of Information Technology oversight established.							
Identifiable Risks:	The principle risks identified by the agency are related to the acceptance of new business processes by staff attorneys whose work is typically self-directed. Staff who do not wish to adapt to new systems may resist implementation.							
Additional Comments:	This project is being implemented alongside a new case management system for the Office of the Public Defender. OAG led project planning for the overall project, and the two portions were presented in a single Request for Proposals.							
Fiscal Year Funding (\$ in Thousands)	Prior Years	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	Balance to Complete	Total
Personnel Services	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Professional and Outside Services	2,100.0	575.0	575.0	575.0	0.0	0.0	0.0	3,825.0
Other Expenditures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Funding	\$2,100.0	\$575.0	\$575.0	\$575.0	\$0.0	\$0.0	\$0.0	\$3,825.0

**Appendix 3
Object/Fund Difference Report
Office of the Attorney General**

<u>Object/Fund</u>	<u>FY 18 Actual</u>	<u>FY 19 Working Appropriation</u>	<u>FY 20 Allowance</u>	<u>FY 19 - FY 20 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	264.50	269.50	274.50	5.00	1.9%
02 Contractual	12.99	41.35	49.40	8.05	19.5%
Total Positions	277.49	310.85	323.90	13.05	4.2%
Objects					
01 Salaries and Wages	\$ 27,738,519	\$ 28,852,012	\$ 30,451,384	\$ 1,599,372	5.5%
02 Technical and Special Fees	995,975	3,070,301	3,715,215	644,914	21.0%
03 Communication	583,422	281,655	297,596	15,941	5.7%
04 Travel	211,760	136,189	136,189	0	0%
07 Motor Vehicles	162,802	173,780	158,076	-15,704	-9.0%
08 Contractual Services	2,737,201	3,279,173	3,255,420	-23,753	-0.7%
09 Supplies and Materials	430,067	380,877	380,877	0	0%
11 Equipment – Additional	155,878	93,201	93,201	0	0%
12 Grants, Subsidies, and Contributions	391,381	451,145	624,486	173,341	38.4%
13 Fixed Charges	2,329,279	2,705,512	2,710,900	5,388	0.2%
Total Objects	\$ 35,736,284	\$ 39,423,845	\$ 41,823,344	\$ 2,399,499	6.1%
Funds					
01 General Fund	\$ 18,504,256	\$ 18,852,353	\$ 20,348,454	\$ 1,496,101	7.9%
03 Special Fund	8,183,502	11,246,581	12,161,387	914,806	8.1%
05 Federal Fund	3,146,027	3,624,305	3,701,348	77,043	2.1%
09 Reimbursable Fund	5,902,499	5,700,606	5,612,155	-88,451	-1.6%
Total Funds	\$ 35,736,284	\$ 39,423,845	\$ 41,823,344	\$ 2,399,499	6.1%

Note: The fiscal 2019 appropriation does not include deficiencies, a one-time \$500 bonus, or general salary increases. The fiscal 2020 allowance does not include general salary increases.

**Appendix 4
Fiscal Summary
Office of the Attorney General**

<u>Program/Unit</u>	<u>FY 18 Actual</u>	<u>FY 19 Wrk Approp</u>	<u>FY 20 Allowance</u>	<u>Change</u>	<u>FY 19 - FY 20 % Change</u>
01 Legal Counsel and Advice	\$ 9,733,721	\$ 9,736,523	\$ 9,811,852	\$ 75,329	0.8%
04 Securities Division	2,730,575	3,959,439	3,909,809	-49,630	-1.3%
05 Consumer Protection Division	6,586,140	7,228,027	8,837,138	1,609,111	22.3%
06 Antitrust Division	836,701	912,196	735,125	-177,071	-19.4%
09 Medicaid Fraud Control Unit	4,239,179	4,831,554	4,934,861	103,307	2.1%
10 People's Insurance Counsel Division	562,786	631,104	637,448	6,344	1.0%
12 Juvenile Justice Monitoring Program	509,206	603,264	473,917	-129,347	-21.4%
14 Civil Litigation Division	3,016,457	3,261,930	3,475,470	213,540	6.5%
15 Criminal Appeals Division	3,062,946	2,964,797	2,950,228	-14,569	-0.5%
16 Criminal Investigation Division	1,642,525	1,751,124	2,185,950	434,826	24.8%
17 Educational Affairs Division	117,398	357,420	371,534	14,114	3.9%
18 Correctional Litigation Division	536,776	591,883	829,837	237,954	40.2%
20 Contract Litigation Division	2,104,806	2,130,499	2,206,090	75,591	3.5%
21 Mortgage Foreclosure Settlement Program	57,068	464,085	464,085	0	0%
Total Expenditures	\$ 35,736,284	\$ 39,423,845	\$ 41,823,344	\$ 2,399,499	6.1%
General Fund	\$ 18,504,256	\$ 18,852,353	\$ 20,348,454	\$ 1,496,101	7.9%
Special Fund	8,183,502	11,246,581	12,161,387	914,806	8.1%
Federal Fund	3,146,027	3,624,305	3,701,348	77,043	2.1%
Total Appropriations	\$ 29,833,785	\$ 33,723,239	\$ 36,211,189	\$ 2,487,950	7.4%
Reimbursable Fund	\$ 5,902,499	\$ 5,700,606	\$ 5,612,155	-\$ 88,451	-1.6%
Total Funds	\$ 35,736,284	\$ 39,423,845	\$ 41,823,344	\$ 2,399,499	6.1%

Note: The fiscal 2019 appropriation does not include deficiencies, a one-time \$500 bonus, or general salary increases. The fiscal 2020 allowance does not include general salary increases.