C81C
Office of the Attorney General

Operating Budget Data

($ in Thousands)

	FY 12 Actual	FY 13 Working	FY 14 Allowance	FY 13-14 Change	% Change Prior Year
General Fund	$18,338	$18,178	$17,079	-$1,099	-6.0%
Contingent & Back of Bill Reductions	0	0	-18	-18	
Adjusted General Fund	**$18,338**	**$18,178**	**$17,061**	**-$1,118**	**-6.1%**
Special Fund	3,153	5,127	6,995	1,868	36.4%
Contingent & Back of Bill Reductions	0	0	-7	-7	
Adjusted Special Fund	**$3,153**	**$5,127**	**$6,989**	**$1,861**	**36.3%**
Federal Fund	2,322	3,400	2,799	-601	-17.7%
Contingent & Back of Bill Reductions	0	0	-3	-3	
Adjusted Federal Fund	**$2,322**	**$3,400**	**$2,796**	**-$604**	**-17.8%**
Reimbursable Fund	3,883	3,989	4,685	696	17.5%
Adjusted Reimbursable Fund	**$3,883**	**$3,989**	**$4,685**	**$696**	**17.5%**
Adjusted Grand Total	**$27,696**	**$30,695**	**$31,531**	**$836**	**2.7%**

- After contingent and across-the-board reductions, the Office of the Attorney General (OAG) fiscal 2014 allowance is $835,780, or 2.7%, above the fiscal 2013 working appropriation.

- $101,722 of the general fund increase is due to the replacement of fiscal 2013 Budget Restoration Funds, created by Chapter 1 of the First Special Session of 2012, with general funds.

- $2,269,824 of the general fund decrease is due to the Consumer Protection Division being entirely funded with special funds in the fiscal 2014 allowance.

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

For further information contact: Jordan D. More Phone: (410) 946-5530

Personnel Data

	FY 12 Actual	FY 13 Working	FY 14 Allowance	FY 13-14 Change
Regular Positions	238.50	239.50	248.50	9.00
Contractual FTEs	13.00	17.50	17.00	-0.50
Total Personnel	**251.50**	**257.00**	**265.50**	**8.50**

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	9.63	4.02%
Positions and Percentage Vacant as of 12/31/12	19.50	8.14%

- There are 9.0 additional regular positions in the budget for OAG. All of these positions are in the Medicaid Fraud Control Unit.

- Contractual full-time equivalents (FTE) decrease by 0.5 due to a decrease of 1.5 FTEs from the Criminal Investigation Division, which is offset by the addition of 1.0 FTE for the Consumer Protection Division.

- Turnover expectancy is decreased to 4.02% in the allowance, an increase of $535,332. This will require the agency to maintain over 9.0 vacancies throughout fiscal 2014. As of December 31, 2012, the agency had 19.5 positions vacant, or 8.14%.

Analysis in Brief

Major Trends

Consumer Protection Division Continues to Be Efficient: The average number of days for the Consumer Protection Division to dispose of a complaint remained well below the goal.

Medicaid Fraud Recoveries Decline: Medicaid fraud recoveries failed to exceed the previous year's estimate for the first time in the past four fiscal years.

Juvenile Justice Monitoring Unit Site Visits Increase Slightly: While visits are increasing, staffing levels and vacancies continue to place pressure on this unit.

Criminal Appeals Division Improves Success Rate: The success rate improved in fiscal 2012 over 2011. However, the division did not reach its estimated success rate despite this increase.

New Managing for Results Standards for Mortgage Settlement Activities: These standards will measure the success of the neighborhood stabilization and revitalization money as well as the investigations and enforcement personnel related to the Mortgage Loan Servicing Practices Settlement.

Issues

Mortgage Settlement Spending Plans Continue to Evolve: As the spending plan for the Mortgage Settlement enters year two of three, this issue discusses actions that were taken during the 2012 interim as well as highlights spending in the fiscal 2014 allowance that is part of the mortgage settlement fund. **The Department of Legislative Services (DLS) recommends that the Attorney General comment on any new plans for funds which have become available due to changes in the original spending plan as well as provide an update on the current situation of the MOUs with Baltimore City and Prince George's County.**

Recommended Actions

		Funds
1.	Increase turnover to 5% for existing positions based on historical experience.	$ 212,234
2.	Increase turnover for new positions.	151,247
	Total Reductions	**$ 363,481**

Updates

Report on OAG Consumer Protection Satellite Office in Metropolitan Washington Area: In response to a request from the budget committees, OAG determined what it would cost to place a satellite consumer protection office in the Metropolitan Washington area.

C81C
Office of the Attorney General

Operating Budget Analysis

Program Description

The Attorney General acts as legal counsel to the Governor; General Assembly; Judiciary; and all departments, boards, and commissions (except the Commission on Civil Rights, Public Service Commission, and 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; Anti-trust; Medicaid Fraud Control; Civil Litigation; Criminal Appeals; Criminal Investigations; 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.

In addition to the aforementioned duties, OAG also provides assistant attorneys general and staff attorneys to State agencies. These positions are located within each of the respective agencies' budgets. **Appendix 2** provides a list of significant civil litigation currently being handled by OAG.

Performance Analysis: Managing for Results

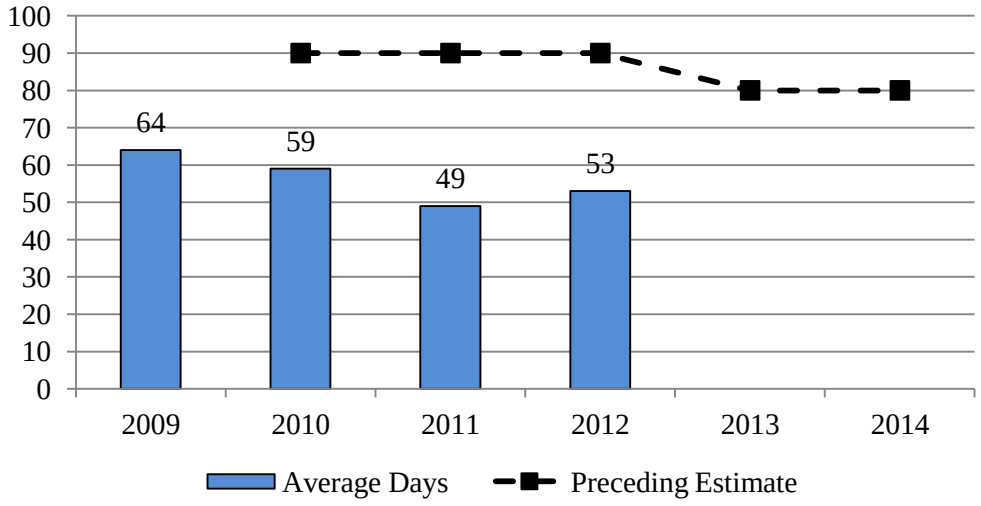
1. Consumer Protection Division Continues to Be Efficient

OAG's Managing for Results (MFR) data shows continued success within its Consumer Protection Division. **Exhibit 1** displays the average days that it took for OAG's Consumer Protection Division to dispose of a complaint compared to the preceding year's MFR estimate. OAG's goal in this endeavor is to maintain an average dispensation time of 110 days, which it has achieved throughout the past four fiscal years. While the average is up in fiscal 2012 from 2011 (53 from 49), the actual average bettered the goal by a range of 42 to 55 percentage points, and the estimate by a range of 34 to 46 percentage points. OAG is revising the estimate downward from 90 to 80 days for fiscal 2013 and 2014. **In light of the fact that OAG's actual performance is below the goal by such a wide margin, OAG should consider revising the goal.**

2. Medicaid Fraud Recoveries Decline

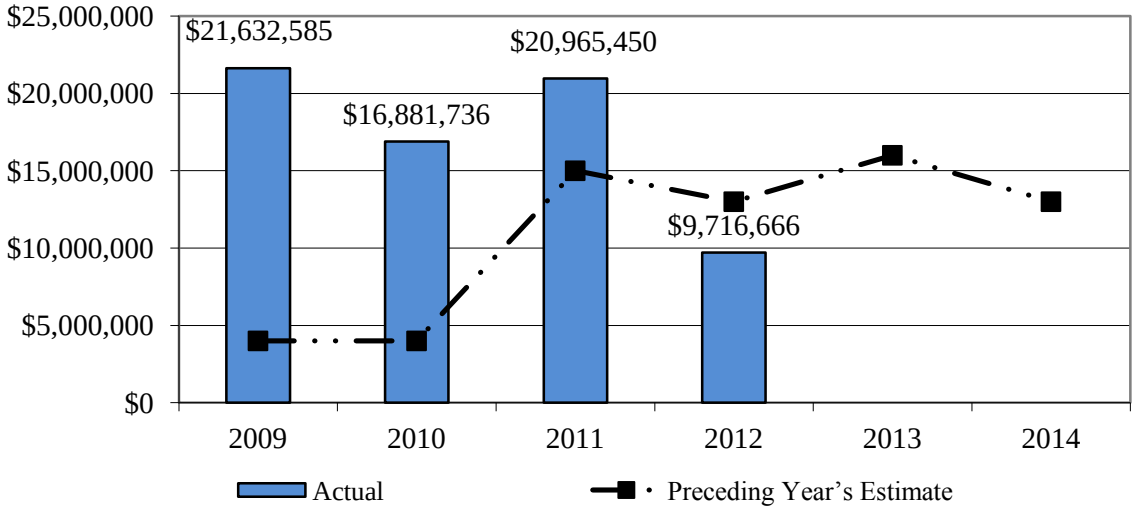
Exhibit 2 shows the amount of money collected by OAG's Medicaid Fraud Control Unit compared to the preceding year's estimate. This unit investigates and prosecutes provider fraud in

Exhibit 1
Consumer Protection Division Average Days to Complaint Disposition
Fiscal 2009-2014



Source: Office of the Attorney General

Exhibit 2
Medicaid Fraud Control Unit – Fines and Collections
Fiscal 2009-2014



Note: Includes State and federal collections

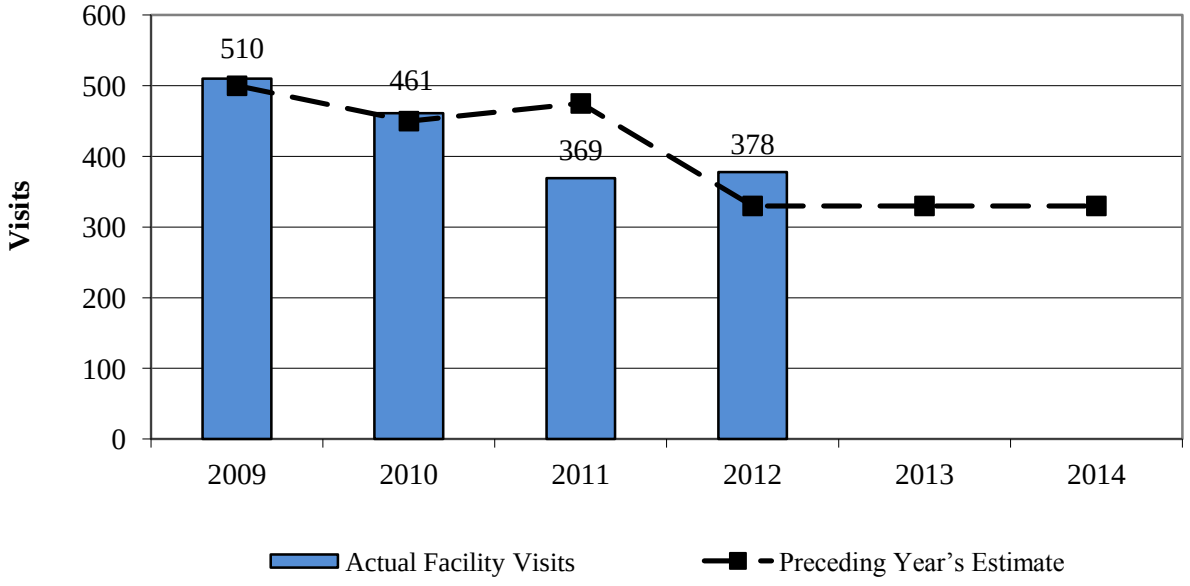
Source: Office of the Attorney General

statewide Medicaid programs. In fiscal 2012, this unit collected $9,716,666, which is the first time in the past four fiscal years that actual collections failed to exceed the preceding year's estimate, which was $13,000,000. However, in fiscal 2009 through 2011, this unit exceeded the estimate by a range of 40 to 441%.

3. Juvenile Justice Monitoring Unit Site Visits Increase Slightly

Exhibit 3 shows the actual number of facility visits made by the Juvenile Justice Monitoring Unit (JJMU) compared to the preceding year's MFR estimate. JJMU made 378 visits in fiscal 2012, which reflect an increase of 9 visits from fiscal 2011 and a 15% increase over the preceding year's estimate. According to OAG, the level of visits is projected based upon the staffing levels of JJMU, which in recent years has declined.

Exhibit 3
Juvenile Justice Monitoring Program
Fiscal 2009-2014

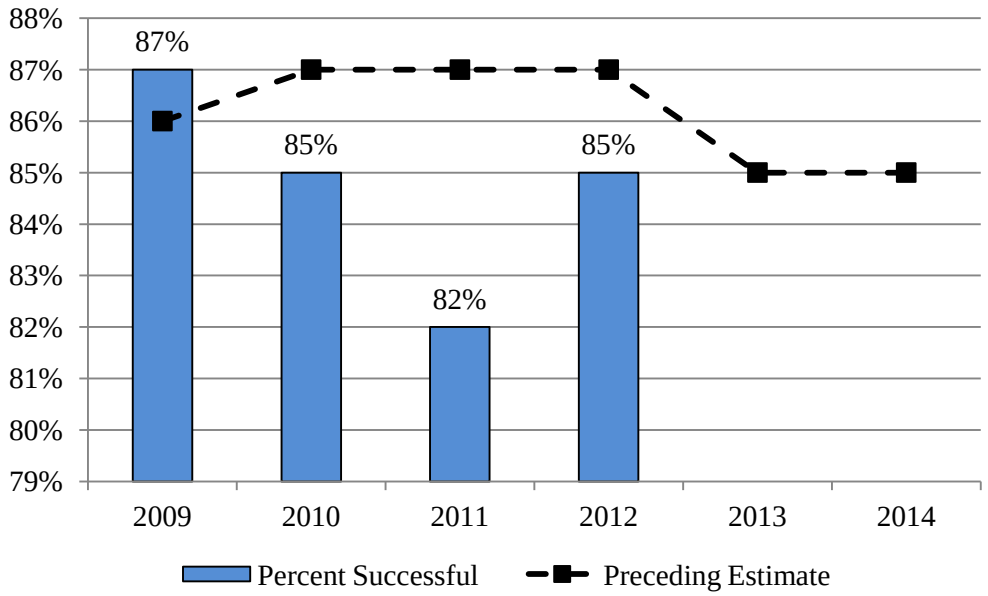


Source: Office of the Attorney General

4. Criminal Appeals Division Improves Success Rate

Exhibit 4 shows the success rate for the Criminal Appeals Division in appellate cases handled by the division from State courts compared to the preceding year's estimate. In fiscal 2012, the division had an 85% success rate, which is an increase from fiscal 2011 by 3 percentage points. However, the division has failed to reach its projected success rate in fiscal 2010 through 2012.

Exhibit 4
Criminal Appeals Division Succcess Rate
Fiscal 2009-2014



Source: Office of the Attorney General

5. New Managing for Results Standards for Mortgage Settlement Activities

Further, it should be noted that OAG has created a new set of standards and estimates of performance for the programs that will be funded by the Mortgage Loan Servicing Practices Settlement Fund in the current and next fiscal year. Performance indicators for local revitalization and stabilization programs include houses acquired, rehabilitated, and preserved; houses demolished; new homeowners assisted with purchase; and tenants provided affordable housing. Performance indicators for investigations and enforcement related to unfair and deceptive mortgage-related

practices include complaints/inquiries addressed; investigations; transactions involved in investigations/actions; and actions/settlements.

Fiscal 2013 Actions

Impact of Cost Containment

Section 25 of Chapter 1 of the First Special Session of 2012 (the Budget Reconciliation and Financing Act of 2012) required the Governor to abolish at least 100 vacant positions as of January 1, 2013, saving at least $6 million in general funds. This agency's share of the reduction was $51,044 in general funds.

Proposed Budget

As shown in **Exhibit 5**, OAG's fiscal 2014 allowance is $835,780, or 2.7%, above the fiscal 2013 working appropriation once across-the-board reductions are taken into account. The major area of growth is in personnel expenditures which grow by $2,092,841 and includes 9 new positions. Some of this growth is offset by other expenditures which decline by $1,285,118 mainly due to the expiration of various grants.

Exhibit 5
Proposed Budget
Office of the Attorney General
($ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
2013 Working Appropriation	$18,178	$5,127	$3,400	$3,989	$30,695
2014 Allowance	17,079	6,995	2,799	4,685	31,559
Amount Change	-$1,099	$1,868	-$601	$696	$864
Percent Change	-6.0%	36.4%	-17.7%	17.5%	2.8%
Contingent Reduction	-$18	-$7	-$3	0	-$28
Adjusted Change	-$1,118	$1,861	-$604	$696	$836
Adjusted Percent Change	-6.1%	36.3%	-17.8%	17.5%	2.7%

Where It Goes:

Personnel Expenses	
New positions	$715
Turnover adjustments	535
Employee retirement	485
Annualized cost-of-living adjustment	204
Employee and retiree health insurance, net of across-the-board reduction	171
Other adjustments	-17
Contractual Employment	
Mortgage settlement	264
Other contractual employment changes	18
Other Changes	
Federal consumer Affordable Care Act grants	-1,087
Grant related recoveries	-356
Governor's Office of Crime Control and Prevention Grant	-97
Other	1
Total	**$836**

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

Personnel

As mentioned, personnel costs increase by roughly $2.1 million in the fiscal 2014 allowance. Major areas of growth within the personnel budget of OAG include:

- $714,859 for 9 new positions in the Medicaid Fraud Control Unit. The workload for this unit has increased due to the enactment of the Maryland False Health Claims Act (Chapter 4 of 2010). These positions are also 75% federally funded, and they meet the Spending Affordability Committee's requirements for new positions because they will increase State revenues through Medicaid fraud recoveries.

- $535,332 in turnover relief. Turnover is decreased from 6.6% in the fiscal 2013 appropriation to 4.0% in the fiscal 2014 allowance. While OAG has historically maintained a higher vacancy rate, a majority of the vacancies have been long-term, and the number of these vacancies has been declining. In lowering turnover expectancy, it is hoped that OAG will be able to fill more of the positions which have been held open for longer than a year at a time.

- $484,696 for employee retirement. Contribution rates for the regular employees, teachers, State police, and law enforcement officers pension plans increase in fiscal 2014. The rate increases are attributable to underattaining investment returns, adjusting actuarial assumptions, and increasing the reinvestment of savings achieved in the 2011 pension reform.

- $204,266 for the annualization of the cost-of-living adjustment which went into effect on December 31, 2012.

Nonpersonnel Expenses

Beyond personnel expenditures, the other major source of growth within OAG's budget concerns contractual personnel. In particular, $264,477 is for the annualization of the positions funded under the Mortgage Settlement funds. Another $18,018 is due to changes in other contractual positions, including a decrease of 1.5 full-time equivalents (FTEs) in the Criminal Investigation Division and an increase of 1.0 FTE in the Consumer Protection Division.

Decreases in expenditures are mainly comprised of various grants which are expiring at the end of fiscal 2013. Large decreases include $1,086,691 for grants related to the Affordable Care Act for consumer protection, $356,626 indirect recovery costs related to grant funding, and $97,225 for a grant from the Governor's Office of Crime Control and Prevention (GOCCP).

Consumer Protection Recoveries

Further, it is worth noting that the Consumer Protection Division is entirely special funded in the fiscal 2014 allowance. The main source of these special funds is consumer protection recoveries, which OAG has been increasingly reliant upon from fiscal 2007 through 2012. Use of these funds is dependent upon the amount of recoveries that OAG obtains in multi-state consumer protection settlements. Recently, OAG closed a case which brought in roughly $5.8 million. This particular investigation started more than four years ago, and it is one of the largest cases ever settled. This settlement has allowed the Consumer Protection Division to be funded from the recoveries for the fiscal 2014 allowance, which resulted in a $2,269,824 decrease in general fund spending for that division. However, the extent to which Consumer Protection can continue to rely on recoveries for general fund relief in the future is uncertain due to the difficulty in projecting recovery amounts from specific cases and in specific years. If recoveries decline, then these funds would once again be replaced with general funds in future fiscal years.

Issues

1. Mortgage Settlement Spending Plans Continue to Evolve

In February 2012, a significant national settlement was announced between 49 states and the District of Columbia (Oklahoma was not a party to the settlement) and the nation's five largest mortgage servicers: Bank of America, JP Morgan Chase, Wells Fargo, Citigroup, and Ally Bank (formerly GMAC). The settlement was based on mortgage loan servicing and foreclosure practices utilized by those mortgage servicers.

The settlement included the establishment of new servicing standards to prevent a repeat of the foreclosure practices which initially prompted the investigation into servicing practices. It also preserved the right for individuals to pursue legal action in the future and allowed the federal and state governments to pursue other ongoing investigations into related issues. From a financial standpoint, the settlement provided approximately $25 billion in monetary relief. The projected benefit to Marylanders from the settlement is approximately $957 million, which includes homeowner relief programs ($808 million), direct payments to foreclosed borrowers ($24 million), refinancing options for homeowners ($64 million), and payments for housing counseling and other State-level foreclosure prevention and housing programs ($60 million). The last category is the main payment coming directly to the State, with a final number of $59,697,470, of which 10%, or $5,969,747, is a civil penalty that goes to the general fund. The remaining balance of $53,727,723 is required to be used for housing and foreclosure relief purposed and for related investigations and enforcement activities.

During the summer, a Mortgage Settlement Funds Workgroup was appointed by the Attorney General to make recommendations for the use of these funds. The workgroup was comprised of representatives from the Senate, the House of Delegates, the Governor's Office, the Maryland Department of Housing and Community Development (DHCD), the Department of Labor, Licensing, and Regulation (DLLR), Prince George's County Department of Housing and Community Development, Baltimore City's Department of Housing and Community Development, Baltimore City's Law Department, the Abell Foundation, and OAG. The workgroup's recommendations were taken by the Attorney General, who modified them slightly, and the final allocation was determined as follows:

- $14,000,000 for a neighborhood stabilization fund allocated through a request for proposal (RFP) process;
- $10,000,000 for the Baltimore City local government housing program;
- $10,000,000 for the Prince George's County local government housing program;
- $8,600,000 for housing counselors allocated through an RFP process;

- $6,227,863 for legal assistance organizations allocated through an RFP process;
- $2,761,860 for new temporary enforcement personnel in OAG; and
- $2,138,000 for financial fraud prevention positions at DLLR.

The workgroup's plan sought to spend these funds over a three-year period, which started in fiscal 2013. **Exhibit 6** contains the original three-year spending plan for each of the workgroup's allocations across the three planned fiscal years. A memorandum of understanding (MOU) between OAG and DHCD stipulates that both agencies will jointly oversee the majority of these programs. The spending authority for the local government funds for Baltimore City and Prince George's County and the funds for OAG temporary personnel will be in the OAG budget. The housing counselors, legal assistance, and neighborhood stabilization funds are going to be requested by DHCD through separate budget amendments or budget requests. DLLR will be responsible for its financial fraud positions.

Exhibit 6
Mortgage Settlement Funds Workgroup Spending Plan
Fiscal 2013-2015

Agency	2013	2014	2015	Total
DHCD	$20,477,863	$5,000,000	$3,350,000	**$28,827,863**
DLLR	560,494	793,495	784,011	**2,138,000**
OAG	20,920,620	920,620	920,620	**22,761,860**
Total	**$41,958,977**	**$6,714,115**	**$5,054,631**	**$53,727,723**

DHCD: Department of Housing and Community Development
DLLR: Department of Labor, Licensing, and Regulation
OAG: Office of the Attorney General

Source: Office of the Attorney General

In Chapter 1 of the First Special Session of 2012, the General Assembly created the Mortgage Loan Servicing Practices Settlement Fund. In the statute, the General Assembly declared that the funds had to be approved either in the budget or through budget amendments, and further that the funds could be spent on eight distinct purposes and activities including:

- the provision of housing counseling;
- legal assistance;

- criminal or civil investigations of fraud related to housing and the securitization of mortgage loans;
- enforcement activities;
- foreclosure prevention;
- foreclosure remediation;
- restitution; and
- programs to address community blight or to fund other programs reasonably targeted to benefit persons harmed by mortgage fraud.

The General Assembly also required a formal report to be submitted every October 1 until calendar 2016 on the total funds expended, by program and subdivision, in the prior fiscal year from the fund and the specific outcomes or public benefits resulting from that expenditure.

Interim Actions

In the interim, numerous budget amendments related to these funds were submitted by the agencies involved. Both of the budget committees held informational hearings related to these funds where the Attorney General and other members of the workgroup explained how the funds were to be spent and why the allocations were determined to be the best uses for these funds. Following these hearings, the following budget amendments approved spending from the fund in fiscal 2013:

- **018-13** which authorized DLLR to spend $560,305 for financial fraud positions;
- **019-13** which authorized DHCD to spend $6,477,863 in grants to housing counselors and legal assistance agencies, $3,500,000 is for the housing counselors and $2,977,863 is for the legal assistance grants;
- **076-13** which authorized DHCD to spend $14,000,000 in grants to private/nonprofit and local government entities for stabilization and revitalization projects in communities that have been hit by the foreclosure crisis; and
- **080-13** which authorized OAG to spend $393,345 for contractual personnel related to securitization and consumer protection claims and criminal charges.

Fiscal 2014 Allowance

In the fiscal 2014 allowance, OAG, DHCD, and DLLR have requested funding to continue their various programs and activities. These amounts include:

- $5,000,000 for DHCD to continue grants for housing counselors and legal assistance;
- $825,017 for DLLR to continue funding for financial fraud positions; and
- $657,822 for OAG to continue funding for the contractual personnel related to securitization and consumer protection claims.

Based on the budget amendments and allowance, both DHCD and DLLR are, for the most part, on track with the original spending plan. However, OAG is spending beneath its plan for personnel since its positions are being funded at a lower level than the original plan anticipated, which was $920,620 for both fiscal 2013 and 2014. This frees money within the OAG's spending plan for which no further plan exists.

Furthermore, OAG has deviated from the spending plan due to the lack of individual MOUs from both Baltimore City and Prince George's County. It is anticipated that once the MOUs with the local jurisdictions are in place, OAG will request the authority to spend the funds for those purposes at that time.

The Department of Legislative Services recommends that the Attorney General comment on any new plans for funds which have become available due to changes in the original spending plan as well as provide an update on the current situation of the MOUs with Baltimore City and Prince George's County.

Recommended Actions

		Amount Reduction	
1.	Increase turnover to 5% for existing positions based on historical experience. Historically, OAG has remained above a 6% vacancy rate. This reduction will realign turnover closer to the historical average.	$ 146,441 $ 44,570 $ 21,223	GF SF FF
2.	Increase turnover for new positions. Reducing turnover by this amount will place turnover at 25%, which is State policy for new positions.	37,812 113,435	GF FF
	Total Reductions	**$ 363,481**	
	Total General Fund Reductions	**$ 184,253**	
	Total Special Fund Reductions	**$ 44,570**	
	Total Federal Fund Reductions	**$ 134,658**	

Updates

1. Report on OAG Consumer Protection Satellite Office in Metropolitan Washington Area

In addition to its main office in Baltimore City, OAG currently has small satellite offices in Hagerstown, Leonardtown, and Salisbury. These satellite offices are intended to broaden the reach of OAG in order to better serve the consumer protection needs of people from those areas of the State. However, OAG currently has no satellite office in the Metropolitan Washington area. In the 2012 session, the committees requested that OAG investigate the potential development of a satellite office in the Metropolitan Washington area and report back with potential locations and preliminary cost estimates.

In the report, OAG noted that having a satellite office in the Metropolitan Washington area would provide benefits to OAG beyond just consumer protection outreach. OAG agreed that a consumer protection office should be established in suburban Maryland, noting that currently citizens living in southern Prince George's County who wish to file a consumer protection complaint in person must travel more than two hours to Baltimore City to do so. Having an office in suburban Maryland could also potentially increase the opportunities for minority lawyers to serve as assistant attorneys general since the legal market in suburban Maryland is more ethnically diverse than in Baltimore. Also, OAG would be able to greatly expand its pool of potential volunteers and interns by recruiting from Metropolitan Washington area colleges and universities, which would increase OAG's ability to handle more complaints and to resolve them more quickly.

Furthermore, OAG notes that there could be benefits to expanding the office beyond just consumer protection activities. OAG currently plans to relocate the Criminal Appeals Division over time and through natural attrition from Baltimore to suburban Maryland. OAG notes that there is no particular reason for the Criminal Appeals Division to be located in Baltimore since the majority of the time that the lawyers in that unit spend is on reviewing transcripts from all 24 jurisdictions and writing briefs, and further that appellate arguments may take place anywhere from Baltimore to Richmond, including the federal courthouse in Greenbelt. Thus, a Metropolitan Washington office would include this division along with a contingent of nonlegal consumer protection personnel much like what currently exists in the other three satellite offices.

As far as locations, OAG along with the Department of General Services obtained cost estimates for office locations in both Beltsville and New Carrolton. Based on a report on the average office market rates for eastern Prince George's County, OAG estimates that the annual cost of having a satellite office in the suburban Maryland area would be approximately $62,000 with an initial one-time cost of approximately $56,000 depending on the size of the office and the location.

Appendix 1

Current and Prior Year Budgets

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

	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2012					
Legislative Appropriation	$18,285	$3,975	$2,214	$2,529	$27,003
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	107	198	540	2,080	2,926
Reversions and Cancellations	-55	-1,020	-432	-725	-2,233
Actual Expenditures	**$18,338**	**$3,153**	**$2,322**	**$3,883**	**$27,696**
Fiscal 2013					
Legislative Appropriation	$18,178	$4,632	$2,300	$3,892	$29,002
Budget Amendments	0	495	1,101	97	1,693
Working Appropriation	**$18,178**	**$5,127**	**$3,400**	**$3,989**	**$30,695**

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

Fiscal 2012

OAG completed fiscal 2012 $692,962 above the legislative appropriation. This was mainly due to budget amendments which added a total of $2,925,524 to the OAG budget as well as reversions and cancellations of $2,232,562.

General Funds: Actual expenditures were $52,678 above the legislative appropriation due to a budget amendment adding $107,338 for the one-time $750 employee bonus. This was offset by $54,660 in reversions.

Special Funds: Actual expenditures were $822,291 below the legislative appropriation. This is due to $1,020,178 in cancelled special funds, primarily due to vacancies throughout the year. These cancellations were offset by budget amendments totaling $197,887 for the following:

- $150,000 from the Consumer Protection Recoveries account to cover salaries in the Division of Legal Counsel and Advice;
- $38,736 was added for the fiscal 2012 employee bonus; and
- $9,151 from the National Association of Attorneys General for printing educational consumer guides.

Federal Funds: Actual expenditures were $108,013 above the legislative appropriation due to budget amendments which added $540,465 through two amendments:

- $526,348 in Consumer Assistance Program Grant funds resulting from the federal Patient Protection and Affordable Care Act of 2010 (ACA) (funding which was unspent in fiscal 2011); and
- $14,117 for the fiscal 2012 $750 bonus.

These were offset by $432,452 in cancelled funds primarily due to the fact that the Consumer Assistance Program Grants are expected to carry over into fiscal 2013.

Reimbursable Funds: Actual expenditures were $1,354,562 above the legislative appropriation. While $725,272 in reimbursable funds were unspent at the end of fiscal 2012 primarily due to vacancies throughout the year, reimbursable fund amendments added $2,079,834. Specifically:

- $1,084,485 was added to backfill for the general fund reduction taken in fiscal 2012 by making agencies reimburse OAG for the costs associated with services rendered by the Division of Legal Counsel and Advice to those agencies;

- $349,979 from the Department of Mental Health and Hygiene for the Health Education and Advocacy Unit;

- $209,214 from GOCCP for the Badges for Baseball program;

- $198,000 from the Maryland Department of Transportation for two assistant attorneys general positions in the Civil Litigation Division;

- $147,689 from GOCCP for a federal gang prosecution initiative; and

- $90,467 from the Department of Public Safety and Correctional Services for one assistant attorney general position in the Correctional Litigation Unit.

Fiscal 2013

To date, the fiscal 2013 legislative appropriation for OAG has been increased by budget amendments totaling $1,693,051.

Special Funds: Budget amendments have added $495,067, which included $393,345 for personnel related to the Mortgage Settlement, and $101,722 from the Budget Restoration Fund.

Federal Funds: $1,100,759 has been added through the following budget amendments:

- $716,856 in Consumer Protection Grants to fund personnel and contractors who will assist consumers with health insurance appeals and the grievance process related to the federal ACA;

- $241,868 in Consumer Protection Grants to fund a radio outreach and education program related to the federal ACA;

- $127,967 in Consumer Protection Grants to design a new webpage to assist consumers with health insurance appeals and the grievance process related to the federal ACA; and

- $14,068 related to the cost-of-living adjustment (COLA) and increases from the Budget Restoration Fund.

Reimbursable Funds: $97,225 was added through a reimbursable budget amendment from GOCCP for OAG to hire an assistant attorney general to investigate and prosecute gang activity in the Washington Metropolitan area.

Appendix 2

Office of the Attorney General
Significant Civil Litigation Report
As of January 10, 2013 – Claims of $2 Million or More

Agency	Case Name	Description
Civil	Atlantic Coast Conference (ACC) v. University of Maryland College Park and Board of Regents, University System of Maryland	The ACC seeks a declaratory judgment that it is entitled, under the ACC's Constitution, to a "withdrawal payment" of $52,266,342.00 from the University.
Civil	Goldberg, Stanley, et al. v. State of Maryland	Challenge to ground rent legislation.
Civil	Jones v. Murphy, et al.	Claim alleges that detainees, upon entering central booking, were illegally strip searched and that some detainees did not receive a prompt determination of probable cause.
Contract Litigation	Mt. Vernon Center Associates, LLC v. Department of General Services	Claim for breach of lease.
Department of Health and Mental Hygiene (DHMH)	Davis, Mark v. Maryland Board of Physicians	Dr. Davis has sued the board in response to the board's disciplinary action against him, as well as civil rights violations.
DHMH	Park West v. DHMH	Federally-qualified health center seeks reimbursement for cost of medical services provided to low income clients.
Department of Human Resources	L.J., et al v. Dallas, et al	Class action brought on behalf of children placed by Baltimore City Department of Social Services in foster homes. Consent decree was entered in 1988 and modified in 1991 and again in 2009. Attorneys' fees for period from December 2007 through the present remain unresolved.
Education Affairs	Coalition for Equity and Excellence in Maryland Higher Education v. Ehrlich	Complaint alleges that Maryland maintains a racially segregated system of higher education and has engaged in a pattern and practice of racial discrimination that has prevented historically black institutions from achieving parity with traditionally white institutions.

Agency	Case Name	Description
Maryland Transporation Authority (MDTA)	McDaniel, Brian v. MDTA, et al.	Claim for false imprisonment and intentional infliction of emotional distress from a routine traffic violation that resulted in a handgun charge.
Maryland Port Administration (MPA)	Maryland Dept. of the Environment (MDE) v. Honeywell International, Inc. and MPA	Case involving MDE, MPA, and Honeywell addressing final remedy to treat and mitigate release of chromium from the Dundalk Marine Terminal.
Maryland State Police (MSP)	Bixler v. Sean Harris, et al	Claim against three Maryland State troopers and a Department of Natural Resources officer alleging excessive force during arrest.
MSP	Perkins, Dean, et al. v. Corbin, Eric, et al.	Wrongful death action arising from fatal shooting by trooper.
Morgan State University (Education Affairs)	Mwabira-Simera, Samuel H. v. Morgan State University, et al.	Claim by student allegedly denied rights under the Americans with Disabilities Act and other civil rights law.
State Department of Assessments and Taxation (SDAT)	BGE v. SDAT	Claim for refund of franchise tax paid on BGE electricity charges.
State Highway Administration	68th Street Landfill, Baltimore County	Superfund case involving federal Evnvironmental Protection Agency determination that the State was the owner/operator of a large former landfill and is charged with clean up of the site.
Tobacco Litigation	Tobacco Diligent Enforcement Arbitration	In pending arbitration proceedings, the cigarette manufacturers that participated in the 1998 Master Settlement Agreement (MSA) claim that they are entitled to a substantial reduction of their 2003 MSA payments, because the State allegedly did not "diligently enforce" the obligation that Maryland law imposes on tobacco manufacturers who do not participate in the MSA to make certain payments into escrow. The participating manufacturers make an analogous claim with respect to all of the 52 states and territories that signed the MSA, and the pending arbitration proceeding, before three retired federal judges, involve all of the parties to the MSA, including all of the participating manufacturers and all of the states and territories.

Object/Fund Difference Report
Office of the Attorney General

Object/Fund	FY 12 Actual	FY 13 Working Appropriation	FY 14 Allowance	FY 13 - FY 14 Amount Change	Percent Change
Positions					
01 Regular	238.50	239.50	248.50	9.00	3.8%
02 Contractual	13.00	17.50	17.00	-0.50	-2.9%
Total Positions	**251.50**	**257.00**	**265.50**	**8.50**	**3.3%**
Objects					
01 Salaries and Wages	$ 22,198,296	$ 22,986,361	$ 25,107,259	$ 2,120,898	9.2%
02 Technical and Spec. Fees	647,984	1,021,092	1,303,587	282,495	27.7%
03 Communication	232,146	351,958	355,117	3,159	0.9%
04 Travel	143,360	74,865	74,865	0	0%
07 Motor Vehicles	209,042	186,421	187,613	1,192	0.6%
08 Contractual Services	887,600	1,570,177	1,469,656	-100,521	-6.4%
09 Supplies and Materials	469,558	376,200	376,200	0	0%
11 Equipment – Additional	223,695	67,603	67,600	-3	0%
12 Grants, Subsidies, and Contributions	618,222	1,807,515	364,198	-1,443,317	-79.9%
13 Fixed Charges	2,066,108	2,252,638	2,252,572	-66	0%
Total Objects	**$ 27,696,011**	**$ 30,694,830**	**$ 31,558,667**	**$ 863,837**	**2.8%**
Funds					
01 General Fund	$ 18,337,870	$ 18,178,369	$ 17,079,028	-$ 1,099,341	-6.0%
03 Special Fund	3,153,067	5,127,200	6,995,186	1,867,986	36.4%
05 Federal Fund	2,321,803	3,400,422	2,799,345	-601,077	-17.7%
09 Reimbursable Fund	3,883,271	3,988,839	4,685,108	696,269	17.5%
Total Funds	**$ 27,696,011**	**$ 30,694,830**	**$ 31,558,667**	**$ 863,837**	**2.8%**

Note: The fiscal 2013 appropriation does not include deficiencies. The fiscal 2014 allowance does not include contingent reductions.

Fiscal Summary
Office of the Attorney General

Program/Unit	FY 12 Actual	FY 13 Wrk Approp	FY 14 Allowance	Change	FY 13 - FY 14 % Change
01 Legal Counsel and Advice	$ 6,777,559	$ 6,384,268	$ 6,786,525	$ 402,257	6.3%
04 Securities Division	2,313,065	2,195,269	2,316,944	121,675	5.5%
05 Consumer Protection Division	5,381,897	6,770,002	5,826,787	-943,215	-13.9%
06 Antitrust Division	812,153	833,195	885,886	52,691	6.3%
09 Medicaid Fraud Control Unit	2,814,982	3,006,567	3,732,459	725,892	24.1%
10 People's Insurance Counsel Division	543,309	566,685	562,740	-3,945	-0.7%
12 Juvenile Justice Monitoring Program	468,693	524,755	530,119	5,364	1.0%
14 Civil Litigation Division	2,236,236	2,964,195	2,993,701	29,506	1.0%
15 Criminal Appeals Division	2,489,974	2,468,472	2,611,554	143,082	5.8%
16 Criminal Investigation Division	1,676,111	1,911,582	1,827,160	-84,422	-4.4%
17 Educational Affairs Division	200,142	405,320	428,222	22,902	5.7%
18 Correctional Litigation Division	307,856	366,124	429,295	63,171	17.3%
20 Contract Litigation Division	1,674,034	1,905,051	1,969,453	64,402	3.4%
21 Mortgage Services Settlement Fund	0	393,345	657,822	264,477	67.2%
Total Expenditures	**$ 27,696,011**	**$ 30,694,830**	**$ 31,558,667**	**$ 863,837**	**2.8%**
General Fund	$ 18,337,870	$ 18,178,369	$ 17,079,028	-$ 1,099,341	-6.0%
Special Fund	3,153,067	5,127,200	6,995,186	1,867,986	36.4%
Federal Fund	2,321,803	3,400,422	2,799,345	-601,077	-17.7%
Total Appropriations	**$ 23,812,740**	**$ 26,705,991**	**$ 26,873,559**	**$ 167,568**	**0.6%**
Reimbursable Fund	$ 3,883,271	$ 3,988,839	$ 4,685,108	$ 696,269	17.5%
Total Funds	**$ 27,696,011**	**$ 30,694,830**	**$ 31,558,667**	**$ 863,837**	**2.8%**

Note: The fiscal 2013 appropriation does not include deficiencies. The fiscal 2014 allowance does not include contingent reductions.