

**Department of Legislative Services**  
 Maryland General Assembly  
 2004 Session

**FISCAL AND POLICY NOTE**

House Bill 214 (Delegate C. Davis)  
 Environmental Matters

**Department of the Environment - Ombudsman Program**

This bill establishes an ombudsman program within the Maryland Department of the Environment (MDE). The Secretary must appoint an ombudsman to assist citizens in resolving complaints against MDE. The ombudsman must receive and investigate complaints from citizens about actions taken by MDE, use alternative dispute resolution (ADR) procedures to resolve complaints in a timely manner, and act as a liaison between citizens and MDE. MDE must adopt regulations to implement the bill.

**Fiscal Summary**

**State Effect:** General fund expenditure increase of at least \$94,400 in FY 2005 to establish the program. Future year estimates are annualized, adjusted for inflation, and reflect ongoing operating expenses. Revenues would not be affected.

(in dollars)	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	94,400	109,000	114,800	121,100	127,800
Net Effect	(\$94,400)	(\$109,000)	(\$114,800)	(\$121,100)	(\$127,800)

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect*

**Local Effect:** The bill is not expected to significantly affect local operations or finances.

**Small Business Effect:** Potential meaningful. By providing an alternative to the judicial process, small businesses that have complaints regarding MDE actions could benefit from the establishment of the ombudsman program.

## Analysis

**Current Law:** There is an ombudsman program within the Department of Health and Mental Hygiene (Maryland Medical Assistance Program) and the Department of Aging (Maryland Long-term Care Program).

**Background:** The Mediation and Conflict Resolution Office (MACRO), a court-related agency, serves as an ADR resource for the State, supports innovative dispute resolution programs, and promotes the appropriate use of ADR. MDE is involved in the State's ongoing efforts to institute ADR as a tool for conflict resolution. MDE has received funds from MACRO and has hired mediators on a contractual basis to resolve complaints regarding permitting decisions. To date, MDE has used ADR in 10 cases.

**State Expenditures:** General fund expenditures could increase by at least \$94,411 in fiscal 2005, which accounts for the bill's October 1, 2004 effective date. This estimate reflects the cost of hiring one ombudsman to receive and investigate complaints and a part-time administrative assistant to support the new program. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salaries and Fringe Benefits	\$76,376
Auto Purchase/Operations	12,196
Other Operating Expenses	<u>5,839</u>
<b>FY 2005 State Expenditures</b>	<b>\$94,411</b>

MDE receives a number of complaints regarding a variety of topics, ranging from general environmental concerns to complaints regarding permitting decisions. The number of complaints that will be investigated by the ombudsman is unknown. Legislative Services advises that general fund expenditures could increase further to the extent the number of complaints being resolved with ADR necessitates hiring mediators on a contractual basis. The cost to hire a contractual mediator is approximately \$1,000 per day.

Future year expenditures reflect: (1) full salaries with 4.6% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

While the establishment of an ombudsman program within MDE could result in a decrease in the number of environmental cases that go through the judicial process, the bill is not expected to materially affect the Judiciary's finances.

## **Additional Information**

**Prior Introductions:** Identical legislation was introduced during the 2003 session as HB 969. The bill received an unfavorable report from the House Environmental Matters Committee.

**Cross File:** None.

**Information Source(s):** Maryland Department of the Environment, Judiciary (Administrative Office of the Courts), Department of Legislative Services

**Fiscal Note History:** First Reader - February 2, 2004  
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