

Department of Legislative Services
 Maryland General Assembly
 2006 Session

FISCAL AND POLICY NOTE
Revised

House Bill 518 (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 \$74,100 in FY 2007 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 2007	FY 2008	FY 2009	FY 2010	FY 2011
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	74,100	69,400	73,100	77,100	81,400
Net Effect	(\$74,100)	(\$69,400)	(\$73,100)	(\$77,100)	(\$81,400)

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: Minimal.

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). The Department of Disabilities is required to oversee and administer ombudsmen programs. There is also an Office of Prince George's County Ombudsman within the Washington Suburban Sanitary Commission.

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. MDE advises that it has used ADR in 12 cases to date.

MDE advises that it has a small business ombudsman who acts as a liaison between small businesses and MDE. The ombudsman is not specifically tasked with addressing citizen complaints. Citizen complaints are generally handled on an ad hoc basis through the media administrations.

State Expenditures: General fund expenditures could increase by at least \$74,070 in fiscal 2007, which accounts for the bill's October 1, 2006 effective date. This estimate reflects the cost of hiring one ombudsman to receive and investigate citizen complaints. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses. The estimate assumes that administrative support functions would be handled with existing staff.

Salary and Fringe Benefits	\$47,325
Auto Purchase/Operations	21,925
Other Equipment/Operating Expenses	<u>4,820</u>
FY 2007 State Expenditures	\$74,070

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 or type of complaints being resolved with ADR necessitates hiring mediators on a contractual basis. MDE advises that a typical case requires approximately 60 hours, and that the cost to hire a contractual mediator is approximately \$225 per hour.

Future year expenditures reflect: (1) a full salary 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 as HB 214 of 2004 and HB 969 of 2003. Both bills received unfavorable reports from the 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 15, 2006
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