

Department of Legislative Services
 Maryland General Assembly
 2021 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 380 (Senator Lam)
 Education, Health, and Environmental Affairs

Maryland Office of the Inspector General for General Services

This bill creates the Maryland Office of the Inspector General for General Services (OIGGS) as an independent unit of State government to investigate fraud, waste, and abuse of funds in the Department of General Services (DGS). It authorizes the Governor to transfer positions and funds for those positions from DGS to OIGGS. **The bill takes effect July 1, 2022.**

Fiscal Summary

State Effect: General fund expenditures increase by \$692,800 in FY 2022 to set up and staff the new office; out-year expenditures reflect annualization, ongoing costs, and the termination of one-time expenses. To the extent that OIGGS is successful at recovering mistaken or fraudulent payments, general fund revenues may increase, but any such increase is speculative and cannot be estimated.

(in dollars)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
GF Revenue	-	-	-	-	-
GF Expenditure	\$692,800	\$788,600	\$813,500	\$841,900	\$871,300
Net Effect	(\$692,800)	(\$788,600)	(\$813,500)	(\$841,900)	(\$871,300)

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

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Bill Summary:

Appointment and Qualification of the Inspector General

The Inspector General (IG) must be appointed unanimously to serve a five-year term by the Governor, Attorney General, and State Treasurer, subject to the advice and consent of the Senate. At the end of the term, the IG continues to serve until a successor is appointed.

To qualify for appointment, an individual must execute an affidavit stating that the individual will not accept appointment to, or be a candidate for, a State or local office while serving as IG or for at least three years immediately after serving. The affidavit must be renewed every two years. The IG must be professionally qualified through experience or education in law, auditing, government operations, financial management, or construction design and management. If the IG qualifies in the area of construction design and management, he or she must also qualify in at least one other area.

The IG may be removed unanimously by the appointing authorities for misconduct in office, persistent failure to perform the duties of the office, or conduct prejudicial for the proper administration of justice.

Organization and Duties of the Office

OIGGS must maintain a physical location in DGS and develop policies and regulations regarding the use and confidentiality of the office's location. OIGGS must, subject to consultation with DGS, have access to the following DGS services:

- information technology;
- budget and finance;
- human resources;
- police;
- procurement; and
- support services.

Funding for OIGGS is as provided in the State budget. The IG may appoint and employ staff as allowed by the budget. Any employees transferred from DGS to OIGGS must do so without diminution of their rights, benefits, employment, or retirement status.

In carrying out its investigative duties, the IG must coordinate efforts within DGS and cooperate with investigations by other units of State and federal government. If a

preliminary investigation establishes sufficient basis to warrant referral, the IG must refer a matter to the appropriate State or federal enforcement officials. The IG must make efforts to ensure that a person is not subject to duplicative audits.

The IG may seek and obtain sworn testimony and issue subpoenas as necessary. Sources of information for investigations are confidential and may not be disclosed, except as specified.

The IG, in collaboration with appropriate authorities in DGS, may take necessary steps to recover funds mistakenly or fraudulently paid by or obtained from DGS and any costs incurred in recovering those funds.

By December 1 of each year, OIGGS must submit a report to the Secretary of General Services, the Governor, and specified committees of the General Assembly with specified information about its activities.

Current Law: There is no IG for DGS. The IG for the Maryland Department of Health (MDH) is within MDH and not an independent unit of government. Its duties are to investigate fraud, waste, and abuse of departmental funds.

The Maryland Office of the Inspector General for Education is an independent unit of State government; the qualifications for the IG and organization of that office are nearly identical to those of the proposed OIGGS in this bill. Its purpose is to provide accountability and transparency in the expenditure of public funds for education in the State. The IG is responsible for examining and investigating matters related to public schools, nonpublic schools that receive State funds, the Maryland State Department of Education, and the Interagency Commission on School Construction.

State Expenditures: The bill authorizes the transfer of positions/employees and funds for those employees from DGS to OIGGS. However, DGS does not have a comparable office or personnel that carries out the responsibilities assigned to OIGGS. Moreover, due to various cost containment actions taken over the past 10 to 15 years, DGS staffing levels have been dramatically reduced over that timeframe, while its duties have increased, such that it cannot spare any positions for transfer to OIGGS. Any transfer of positions, therefore, would have to be backfilled with new positions within DGS. Therefore, this analysis assumes that all positions and funding for OIGGS are new.

The two existing IG offices in State government vary tremendously in size. MDH advises that its IG office includes approximately 62 positions, whereas the Education IG has 6 authorized positions. DGS indicates that it requires 6 positions to establish the new office; as this is consistent with the size of the Education IG's office, the Department of Legislative Services concurs with this assessment.

Therefore, general fund expenditures increase by \$692,793 in fiscal 2022, which accounts for a 90-day start-up delay from the bill's July 1, 2021 effective date. This estimate reflects the cost of hiring an Inspector General, assistant Attorney General, and additional investigative and support staff for OIGGS. It reflects OIGGS being collocated with DGS and using, at no cost, the various support services of that department. The estimate includes salaries, fringe benefits, one-time start-up costs (including the purchase of two vehicles), and ongoing operating expenses associated with the new positions. As the IG must have specialized skills described in the bill, it is assumed that the IG and related staff are hired at Step 10 or higher within their respective grades.

Positions	6.0
Salaries and Fringe Benefits	\$617,565
Two Vehicles	40,000
Other Operating Expenses	<u>35,228</u>
Total FY 2022 State Expenditures	\$692,793

Future year expenditures reflect full salaries with annual increases and employee turnover, termination of one-time costs, and ongoing operating expenses.

Additional Information

Prior Introductions: None.

Designated Cross File: HB 122 (Delegates Barron and Krimm) - Health and Government Operations.

Information Source(s): Department of Budget and Management; Department of General Services; Department of Legislative Services

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