

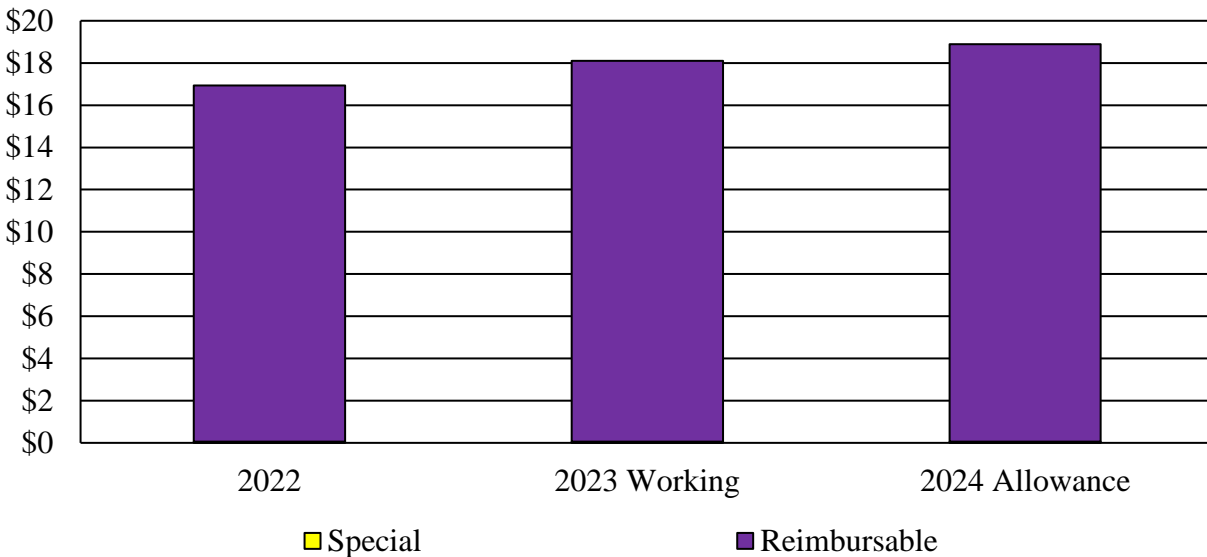
D99A11 Office of Administrative Hearings

Program Description

The Office of Administrative Hearings (OAH) was established to provide an unbiased and objective forum for contested cases involving State agencies. As such, it is an independent unit of the Executive Branch and is one of the largest central panel agencies in the country. The office was created in 1989 to centralize the hearing functions in various units of State government. Its cases originate from approximately 30 agencies that reimburse OAH based on the proportion of time that it spends on their cases. Additionally, homeowners who are subject to foreclosure may request mediation with an OAH mediator, and all OAH decisions are subject to judicial review in State or federal court as provided by law.

Operating Budget Summary

Fiscal 2024 Budget Increases \$783,263, or 4.3%, to \$18.9 Million (\$ in Millions)



Note: The fiscal 2023 working appropriation includes deficiency appropriations including this agency's share of a deficiency appropriation budgeted in the Statewide Account within the Department of Budget and Management (DBM). Fiscal 2024 salary enhancements are budgeted in the Statewide Account within DBM.

- OAH is funded almost exclusively with reimbursable funds. These funds come from the more than 30 State agencies served by OAH each year. OAH utilizes a funding matrix to ensure that agencies are fairly and proportionally charged for the services provided by OAH and its judges.

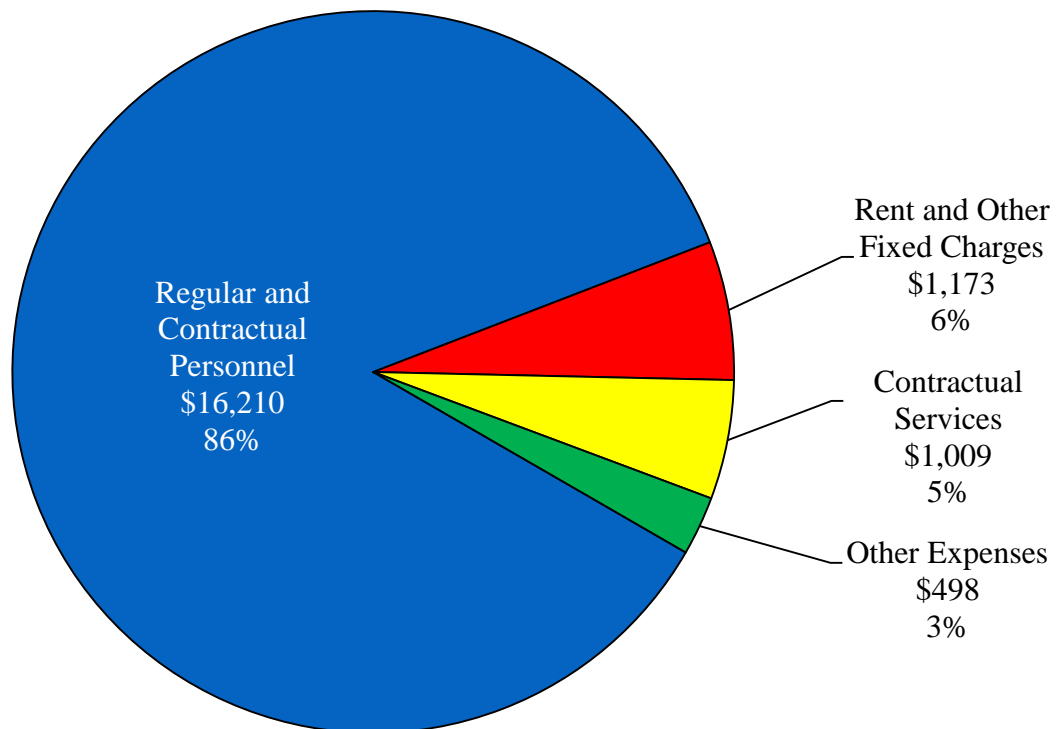
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Fiscal 2024 Overview of Agency Spending

The OAH budget is mostly allocated toward personnel, with **Exhibit 1** showing that 86% of the fiscal 2024 allowance is for regular salaries and contractual employee expenses. Additionally, rent and other fixed charges occupy 6% of the allowance. Contractual services, which include security, computer maintenance, court recording, and translation service contracts, account for 5% of the allowance.

Exhibit 1
Overview of Agency Spending
Fiscal 2024 Allowance
(\$ in Thousands)



Source: Department of Budget and Management; Department of Legislative Services

Proposed Budget Change

As depicted in **Exhibit 2**, the fiscal 2024 allowance for OAH increases by \$783,263, or approximately 4.3%. The largest changes include increases to employee and retiree health insurance costs, as well as incremental salary increases.

Exhibit 2
Proposed Budget
Office of Administrative Hearings
(\$ in Thousands)

How Much It Grows:	Special Fund	Reimbursable Fund	Total
Fiscal 2022 Actual	\$52	\$16,883	\$16,936
Fiscal 2023 Working Appropriation	52	18,054	18,107
Fiscal 2024 Allowance	<u>52</u>	<u>18,838</u>	<u>18,890</u>
Fiscal 2023-2024 Amount Change	\$0	\$783	\$783
Fiscal 2023-2024 Percent Change	0.1%	4.3%	4.3%
Where It Goes:			<u>Change</u>
Personnel Expenses			
Employee and retiree health insurance			\$441
Annualization of November 2022 4.5% cost-of-living adjustment.....			184
Incremental salary increases			100
Employees’ retirement system.....			59
Social Security contributions.....			27
Turnover adjustments			-5
Other fringe benefit adjustments			-16
Accrued leave payout			-44
Other Changes			
Changes in non-Department of General Services rent expenses			109
Funding for court reporting services.....			59
Maintenance contracts for computer equipment.....			36
Agency allocation for statewide cost allocations.....			14
Other adjustments			-2
In-state operating expenses.....			-30
Funding for case e-filing system development.....			-149
Total			\$783

Note: Numbers may not sum to total due to rounding. The fiscal 2023 working appropriation includes deficiency appropriations including this agency’s share of a deficiency appropriation budgeted in the Statewide Account within the Department of Budget and Management (DBM). Fiscal 2024 salary enhancements are budgeted in the Statewide Account within DBM.

Office Rent Increases in Fiscal 2024

The fiscal 2024 allowance provides nearly \$1.2 million for rent at locations not owned by the Department of General Services. The rental expense for the Hunt Valley facility increases by \$123,485 in fiscal 2024, an increase in expenses of more than \$10,000 per month. Despite savings from the closure of the Cumberland office in fiscal 2023, office rental expenses grow by 10.5%.

OAH should comment on the reasons for the increase in rent at the Hunt Valley office and if additional increases at this level are expected in coming years.

Personnel Data

	FY 22 <u>Actual</u>	FY 23 <u>Working</u>	FY 24 <u>Allowance</u>	FY 23-24 <u>Change</u>
Regular Positions	115.00	117.00	117.00	0.00
Contractual FTEs	<u>0.00</u>	<u>0.50</u>	<u>0.50</u>	<u>0.00</u>
Total Personnel	115.00	117.50	117.50	0.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	3.80	3.25%
Positions and Percentage Vacant as of 12/31/22	7.00	5.98%
Vacancies Above Turnover	3.2	

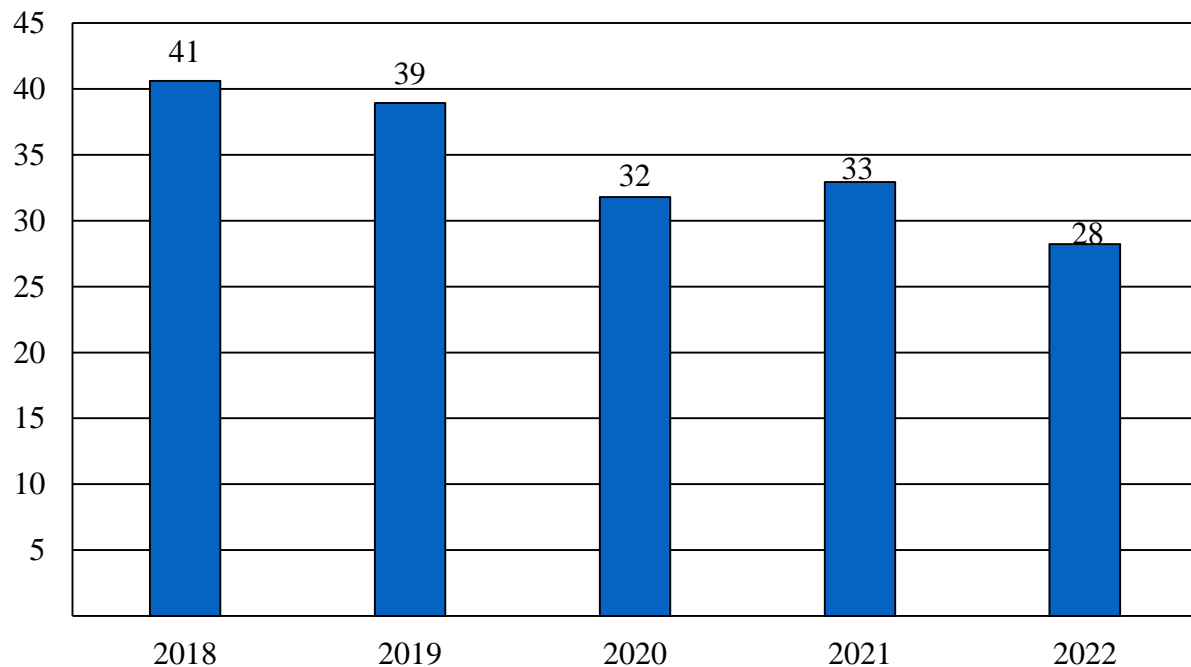
- OAH has 6 new administrative law judges (ALJ) who will have their first day of work on March 8, 2023, thus filling 6 of the 7 positions vacant as of December 31, 2022. OAH generally attempts to fill at least 3 ALJ positions at once, so as to minimize the costs and resources associated with the training process for new judges, which can take 9 to 12 months.

Key Observations

1. Managing for Results Evaluation

Each year, OAH hears thousands of cases from more than 30 State agencies. In fiscal 2022, OAH disposed of 28,219 cases. This represented a decrease of 4,704 cases from fiscal 2021. OAH asserts that this drop is mostly due to a problem experienced by the Motor Vehicle Administration (MVA). MVA converted to a new database in September 2021, and data conversion issues with the new system caused delays in some MVA cases being transmitted to OAH for nine months. **Exhibit 3** displays changes over time in the number of cases disposed by OAH each year.

Exhibit 3
Cases Disposed by the Office of Administrative Hearings
Fiscal 2018-2022
(in Thousands)

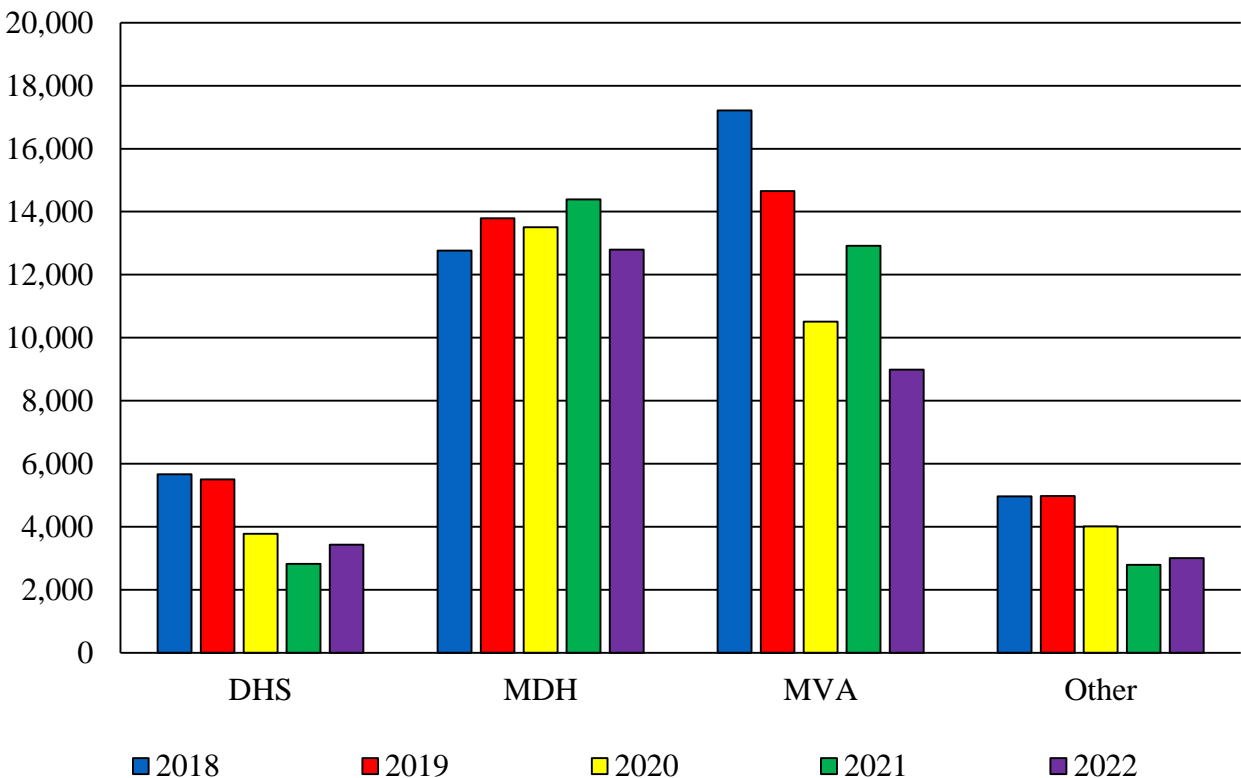


Source: Department of Budget and Management; Department of Legislative Services

As mentioned previously, MVA cases declined in fiscal 2022; however, this is not an uncommon phenomenon. Each year, OAH experiences some fluctuations in the number of cases it receives from agencies; however, the changes are not generally as drastic as the one experienced

in fiscal 2022 with MVA cases. A smaller example is seen in fiscal 2022 in the number of Department of Budget and Management – Personnel cases disposed, which increased from 415 in fiscal 2021 to 585 in fiscal 2022. Similarly, Maryland Department of Labor (MDL) cases rose from 338 in fiscal 2021 to 396 in fiscal 2022. The majority of OAH’s cases come from the Maryland Department of Health, the Department of Human Services, and MVA. Data regarding the number of these cases disposed per year, along with all other cases disposed, may be found in **Exhibit 4**.

**Exhibit 4
Cases Disposed by Agency
Fiscal 2018-2022**



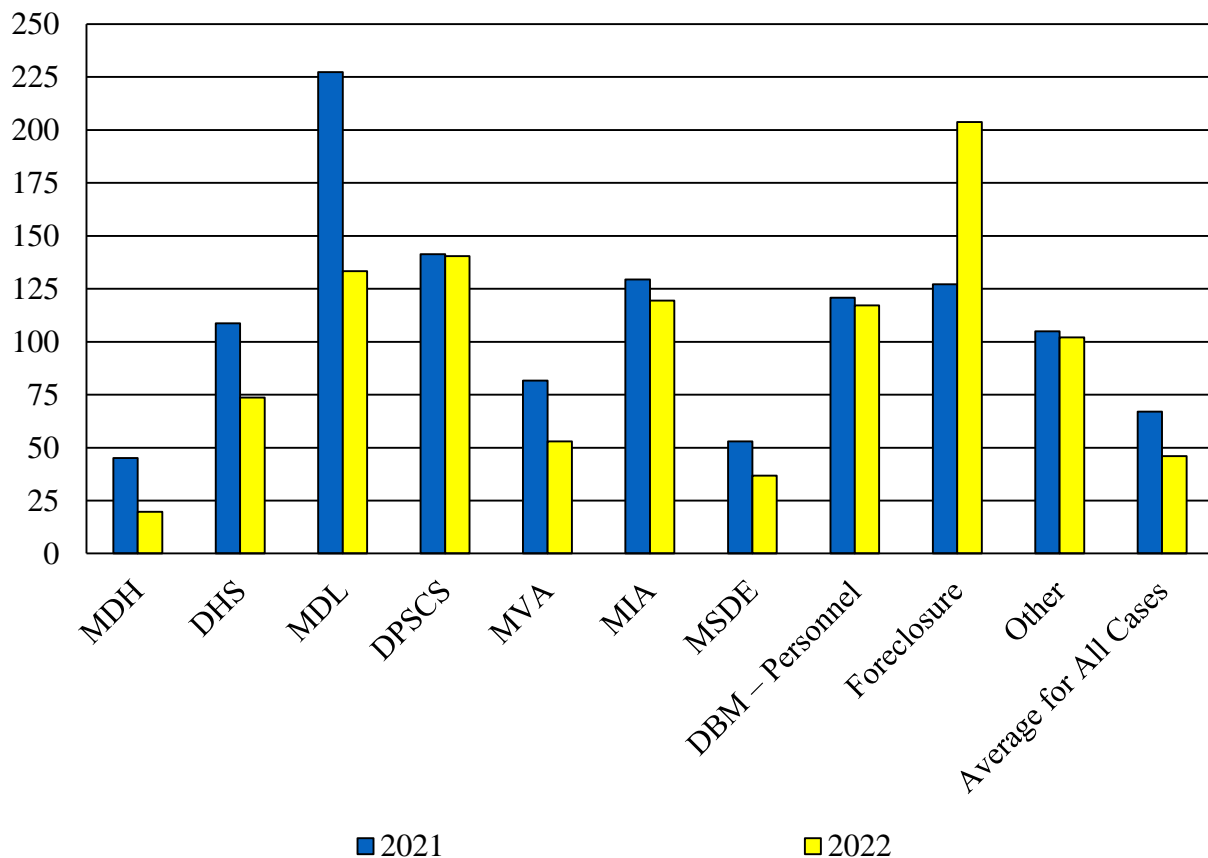
DHS: Department of Human Services
 MDH: Maryland Department of Health
 MVA: Motor Vehicle Administration

Source: Department of Budget and Management; Department of Legislative Services

In fiscal 2022, all tracked case types except for foreclosure cases saw a decrease in average case processing time. This increased efficiency across most types of cases resulted in the average

case processing time at OAH decreasing from 67 days in fiscal 2021 to 46 days in fiscal 2022. The cases with the most significant reductions in average case time were MDL cases, which saw a 94-day reduction in the time from the date OAH received an appeal to the date of disposition. A full breakdown of the changes in average case processing times between fiscal 2021 and 2022 may be found in **Exhibit 5**.

Exhibit 5
Average Time from Receipt of Appeal to Disposition
Fiscal 2021-2022
(in Days)



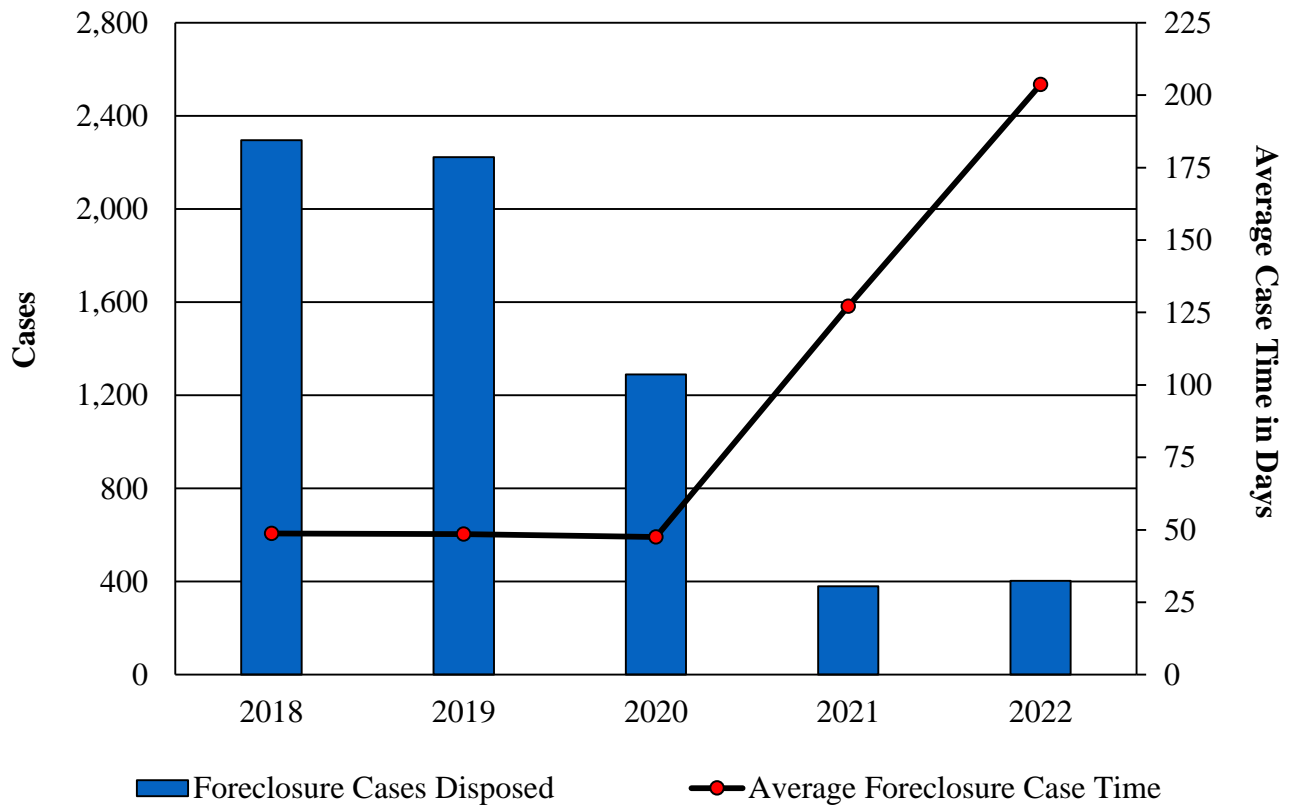
DBM: Department of Budget and Management
 DHS: Department of Human Services
 DPSCS: Department of Public Safety and Correctional Services
 MDH: Maryland Department of Health

MDL: Maryland Department of Labor
 MIA: Maryland Insurance Administration
 MSDE: Maryland State Department of Education
 MVA: Motor Vehicle Administration

Source: Department of Budget and Management; Department of Legislative Services

According to OAH, the increase in average case processing time for foreclosure cases in fiscal 2022 is due to the lingering effects of the federal moratoriums on foreclosure proceedings and foreclosure evictions that were instituted during the COVID-19 pandemic. These moratoriums reduced the number of foreclosure cases filed and resulted in stays and extended case times for cases where mediation had already been requested with OAH. **Exhibit 6** illustrates the shift in foreclosure cases over time, as the number of disposed foreclosure cases decreased from 2,296 in fiscal 2018 to 403 in fiscal 2022.

Exhibit 6
Foreclosure Cases Disposed and Average Case Time
Fiscal 2018-2022



Source: Department of Budget and Management; Department of Legislative Services

OAH should comment on if the number of foreclosure cases is expected to remain at the new lower level or if the number of cases is expected to increase to prepandemic levels. OAH should also comment on if a significant increase in foreclosure cases would affect their ability to return to prepandemic average foreclosure case processing times.

Operating Budget Recommended Actions

1. Concur with Governor's allowance.

Appendix 1
Hearing Case Types by Agency

<u>Agency Name</u>	<u>Common Case Types</u>
Motor Vehicle Administration	Drunk Driving Offenses; Accumulation of Points on Driver’s License; Ignition Interlock Noncompliance; Violations on a Provisional License; Commercial Driver’s License Disqualification; Medical Advisory Board Suspensions
Maryland Department of Health	Medical Assistance (Including Long-term Care, Medical Assistance Coverage/Eligibility; Community First Choice); Involuntary Admission to a Behavioral Health Unit; Hearing on Court Recommendations for Persons Adjudged Not Criminally Responsible; Clinical Review Panel Appeals; Patient Bill of Rights Cases (<i>i.e.</i> , Involuntary Discharge from a Nursing Home)
Department of Human Services	Food Stamps, Child Abuse and Neglect, Temporary Cash Assistance; Foster Care Suspensions and Terminations
Maryland Insurance Administration	Premium Surcharge Hearings; Nonrenewals; Consumer Complaints
Office of the Attorney General	Consumer Protection Cases (Including Opioid Cases); Landlord Violations; Securities Division Cases; Unfair and Deceptive Trade Practices; Home Builder Guaranty Fund
Independent Boards Related to the Maryland Department of Health	Maryland Board of Physicians; Board of Nursing; Board of Dental Examiners; Also, Antitrust Supervisory Review Relating to Board Disciplinary and Cease and Desist Orders
Maryland Department of Labor	Home Improvement Commission and Real Estate Commission: Guaranty Fund Cases and Disciplinary Cases; Commission of Financial Regulation: Fraud and Consumer Protection Cases
State Personnel Management System	State Employee Terminations, Suspensions, Disciplinary Actions, Grievances, and Whistle-blower Actions
Maryland State Police	Concealed Carry and Handgun Qualification Appeals; Security Guard and Security Guard Agency Licensing; Automobile Safety Technician Cases
Department of Natural Resources	Oyster, Fishing, and Crabbing Licenses; Wetlands; Pollution Cases
Maryland State Department of Education	Special Education (<i>e.g.</i> , Individualized Education Plans; Free Appropriate Public Education; Reimbursement for Private Placement in Nonpublic School); School Redistricting; Board of Education Cases
Maryland Health Benefits Exchange	Health Insurance Eligibility
Maryland Department of the Environment	Lead Paint Cases; Sediment/Stormwater; Oil Pollution Control

**Appendix 2
Object/Fund Difference Report
Office of Administrative Hearings**

<u>Object/Fund</u>	<u>FY 22 Actual</u>	<u>FY 23 Working Appropriation</u>	<u>FY 24 Allowance</u>	<u>FY 23 - FY 24 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	115.00	117.00	117.00	0.00	0%
02 Contractual	0.00	0.50	0.50	0.00	0%
Total Positions	115.00	117.50	117.50	0.00	0%
Objects					
01 Salaries and Wages	\$ 14,345,599	\$ 15,073,507	\$ 16,188,687	\$ 1,115,180	7.4%
02 Technical and Special Fees	4,533	22,146	21,499	-647	-2.9%
03 Communication	118,321	144,040	125,040	-19,000	-13.2%
04 Travel	49,188	147,000	117,000	-30,000	-20.4%
06 Fuel and Utilities	74,632	74,480	74,632	152	0.2%
07 Motor Vehicles	2,707	7,141	6,781	-360	-5.0%
08 Contractual Services	821,224	1,038,966	1,008,636	-30,330	-2.9%
09 Supplies and Materials	141,917	146,800	151,800	5,000	3.4%
10 Equipment – Replacement	204,385	7,700	8,067	367	4.8%
11 Equipment – Additional	18,512	15,000	15,000	0	0%
13 Fixed Charges	1,154,624	1,061,119	1,172,987	111,868	10.5%
Total Objects	\$ 16,935,642	\$ 17,737,899	\$ 18,890,129	\$ 1,152,230	6.5%
Funds					
03 Special Fund	\$ 52,399	\$ 52,414	\$ 52,471	\$ 57	0.1%
09 Reimbursable Fund	16,883,243	17,685,485	18,837,658	1,152,173	6.5%
Total Funds	\$ 16,935,642	\$ 17,737,899	\$ 18,890,129	\$ 1,152,230	6.5%

Note: The fiscal 2023 appropriation does not include deficiencies. The fiscal 2024 allowance does not include contingent reductions or cost-of-living adjustments.