

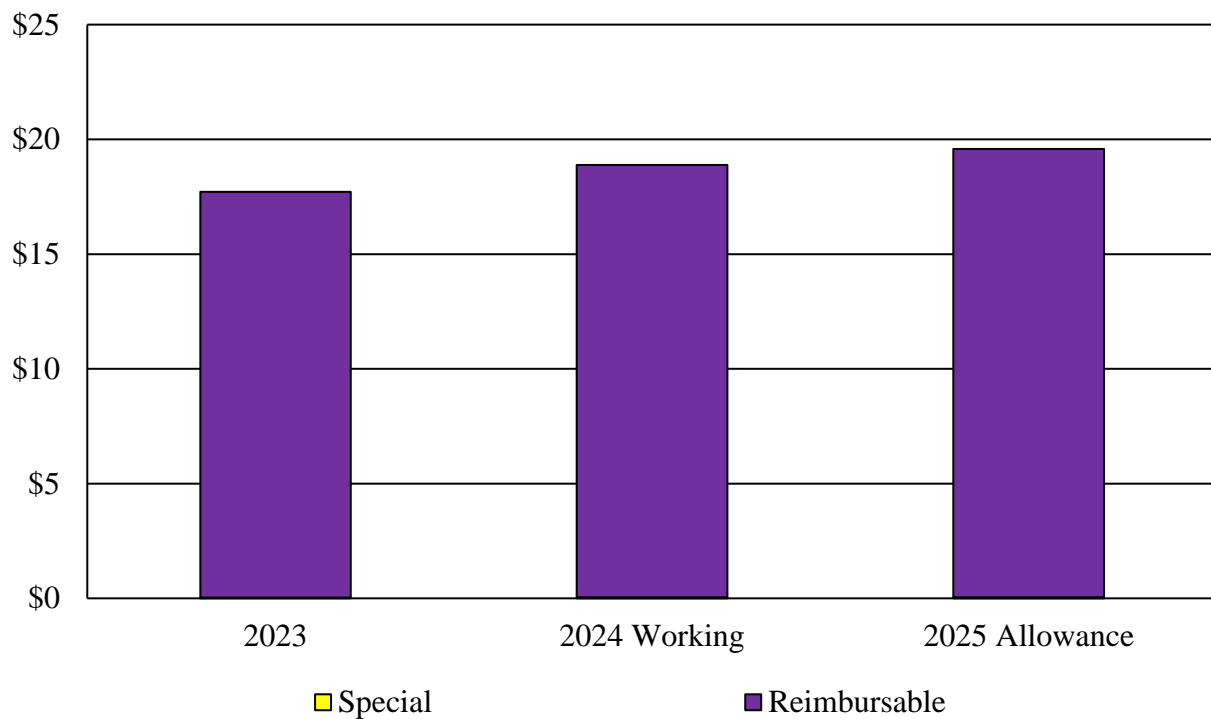
D99A11
Office of Administrative Hearings

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 2025 Budget Increases \$697,574, or 3.7%, to \$19.6 Million



Note: Numbers may not sum to total due to rounding. The fiscal 2024 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2025 impacts of the fiscal 2024 statewide salary adjustments appear in this agency’s budget. The fiscal 2025 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

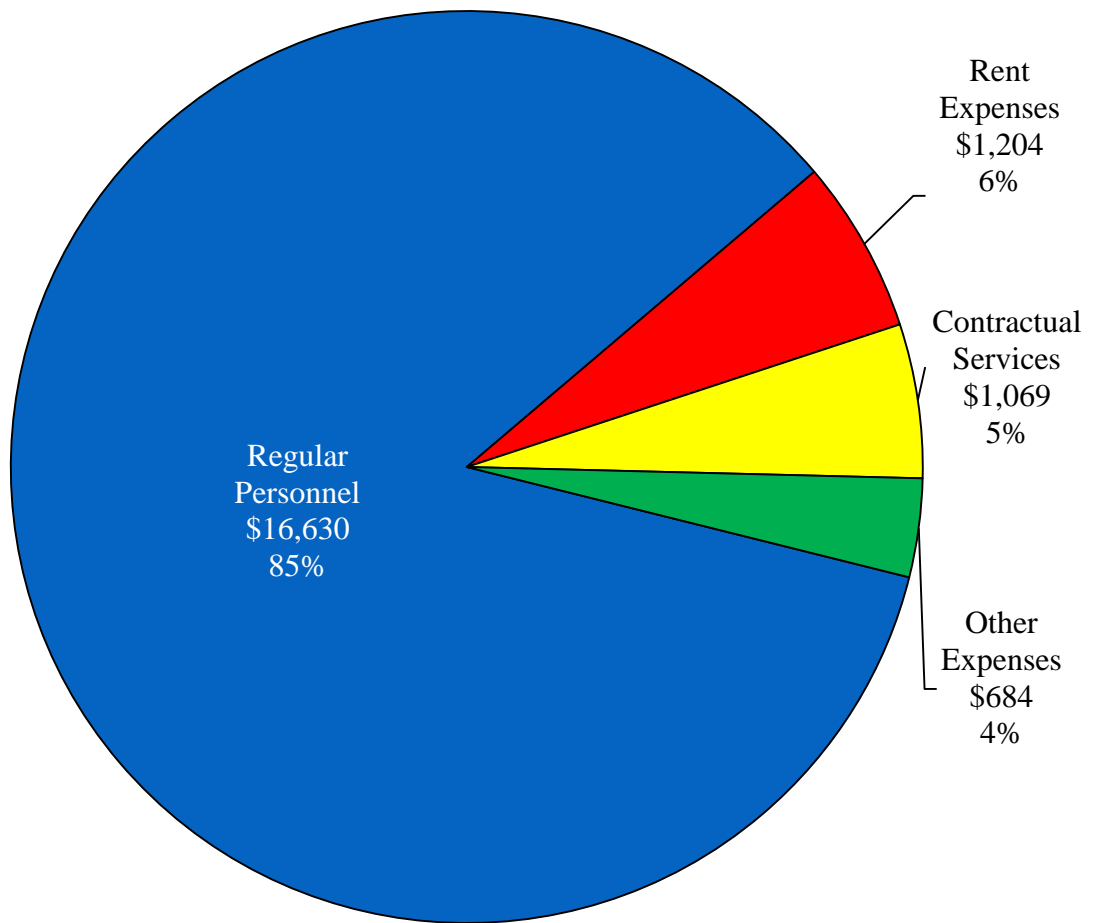
For further information contact: Jacob L. Pollicove

Jacob.Pollicove@mlis.state.md.us

Fiscal 2025 Overview of Agency Spending

As illustrated in **Exhibit 1**, the majority of OAH’s fiscal 2025 allowance (85%) is allocated to regular personnel. The remaining 15% of the allowance is designated for rent and other fixed charges, contractual services, and other smaller categories.

Exhibit 1
Overview of Agency Spending
Fiscal 2025 Allowance
(\$ in Thousands)



Note: The fiscal 2025 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency’s budget.

Source: Governor’s Fiscal 2025 Budget Books

Proposed Budget Change

The fiscal 2025 allowance for OAH grows 3.7% over the fiscal 2024 working appropriation, as shown in **Exhibit 2**.

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

How Much It Grows:	Special <u>Fund</u>	Reimbursable <u>Fund</u>	<u>Total</u>
Fiscal 2023 Actual	\$34	\$17,685	\$17,719
Fiscal 2024 Working Appropriation	52	18,838	18,890
Fiscal 2025 Allowance	<u>52</u>	<u>19,536</u>	<u>19,588</u>
Fiscal 2024-2025 Amount Change	-\$1	\$698	\$698
Fiscal 2024-2025 Percent Change	-1.0%	3.7%	3.7%

Where It Goes:	<u>Change</u>
Personnel Expenses	
Salary increases and associated fringe benefits including fiscal 2024 cost-of-living adjustment and increments	\$456
Turnover increases from 3.25% to 3.36%	-15
Other Changes	
Maintenance contracts for E-filing system, computer software, and computer equipment.....	50
Increase in rent expenses	48
Computer equipment to support hybrid hearings and remote work for employees	44
In-state and out-of-state conference and training costs.....	42
Travel expenses for in-person operations throughout the State.....	29
New office furniture and other office supplies	21
Subscriptions to legal publications	9
Postage and shipping expenses	5
Tuition reimbursement for employees	3
Other adjustments	6
Total	\$698

Note: Numbers may not sum to total due to rounding. The fiscal 2024 working appropriation includes deficiencies. The fiscal 2024 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2025 impacts of the fiscal 2024 statewide salary adjustments appear in this agency’s budget. The fiscal 2025 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

Estimated Shortage in Allocation for Salaries

The fiscal 2025 allowance should incorporate the impacts of the fiscal 2024 statewide salary adjustments. The allowance for OAH may not account for the entire impact of the salary actions, and as a result, the agency could need more than \$150,000 in additional funding.

Personnel Data

	<u>FY 23 Actual</u>	<u>FY 24 Working</u>	<u>FY 25 Allowance</u>	<u>FY 24-25 Change</u>
Regular Positions	117.00	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	117.00	117.50	117.50	0.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	3.93	3.36%
Positions and Percentage Vacant as of 12/31/23	2.00	1.71%
Vacancies Below Turnover	-1.93	

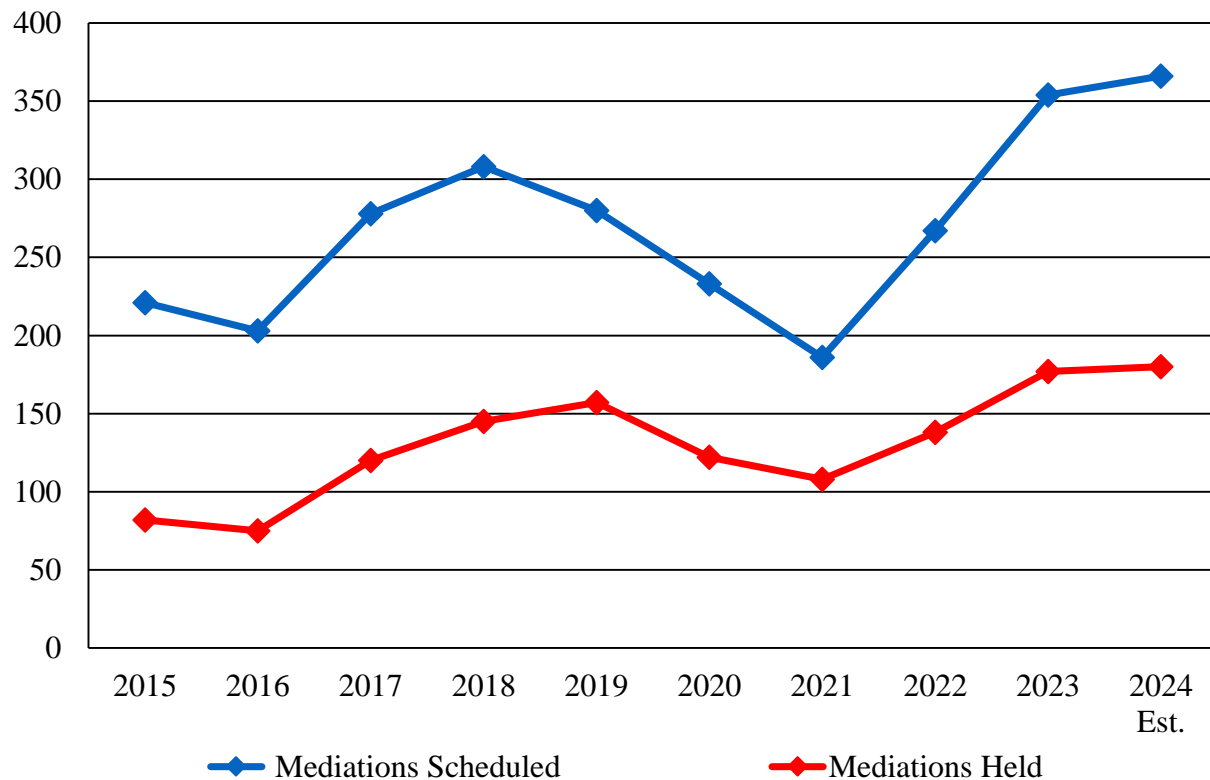
- The 2 positions vacant at the time this analysis was written were 1 administrative law judge and 1 administrative aide. OAH has stated that the agency is in the process of filling both positions. Each vacancy has existed for less than three months, and OAH does not have a recent history of difficulties with filling vacancies.

Key Observations

1. Special Education Mediations and Due Process Hearings Increase

In fiscal 2023, the number of special education appeals increased to a level last seen in fiscal 2015. This increased number of appeals is expected to continue to grow in fiscal 2024 as statistics provided by OAH through the first two months of fiscal 2024 show a steady caseload without a decline from fiscal 2023. In fiscal 2023, the number of mediations scheduled was 354, an increase of 87 from the prior year. The increase in mediations, which occupy less time on OAH’s schedule than due process case hearings, still represents a significant potential impact on operations. Data regarding mediations scheduled and held is shown in **Exhibit 3**.

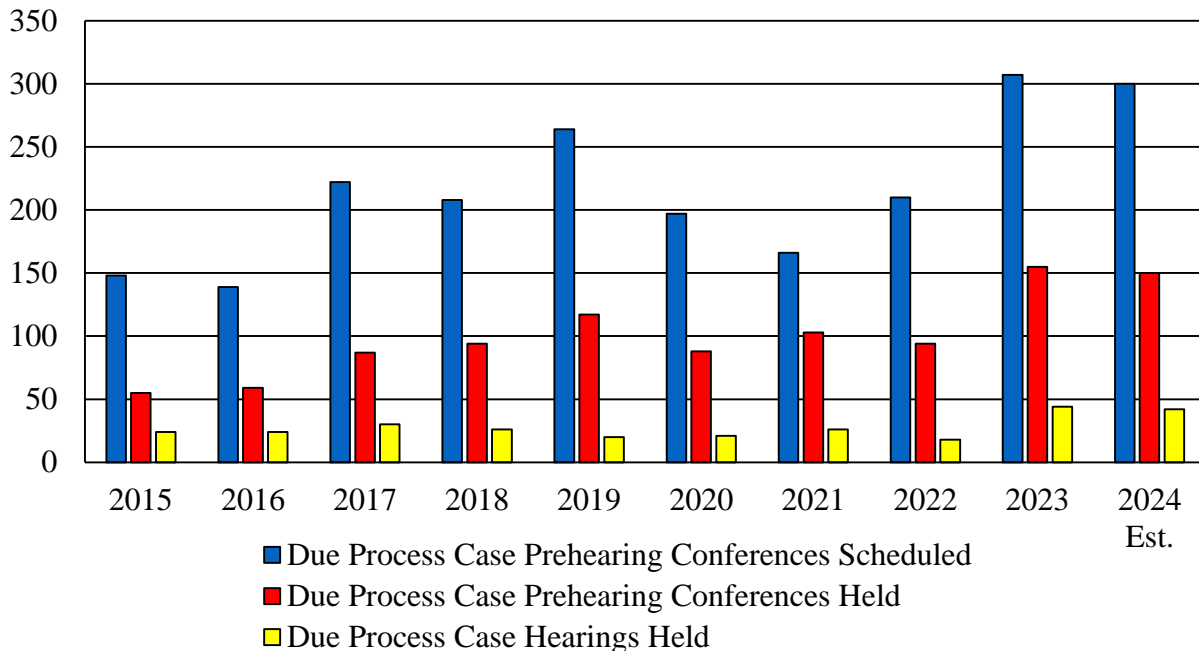
Exhibit 3
Mediations Scheduled and Held
Fiscal 2015-2024 Est.



Source: Office of Administrative Hearings; Department of Legislative Services

Due process case hearings have also increased in the last several years. Due process cases represent a significant scheduling commitment for OAH because each case requires multiple days to be scheduled in advance for prehearing conferences, hearings, and then multiple writing days after the hearing for the administrative law judge assigned to the case. If cases are withdrawn or settled before the hearing, it can be difficult for OAH to schedule another case in the time block previously reserved for the removed case. The number of due process case prehearing conferences scheduled rose from 210 in fiscal 2022 to 307 in fiscal 2023, a 46% increase. The number of prehearing conferences held increased by more than 50 to 155 in fiscal 2023. While the number of hearings held more than doubled in fiscal 2023, this increase is not necessarily caused by the increase in prehearing conferences scheduled and held, as changes in the number of hearings held in prior years has not necessarily been proportionate to prehearing conference statistics. **Exhibit 4** shows data on prehearing conferences and hearings held.

Exhibit 4
Due Process Case Conferences and Hearings
Fiscal 2015-2024 Est.



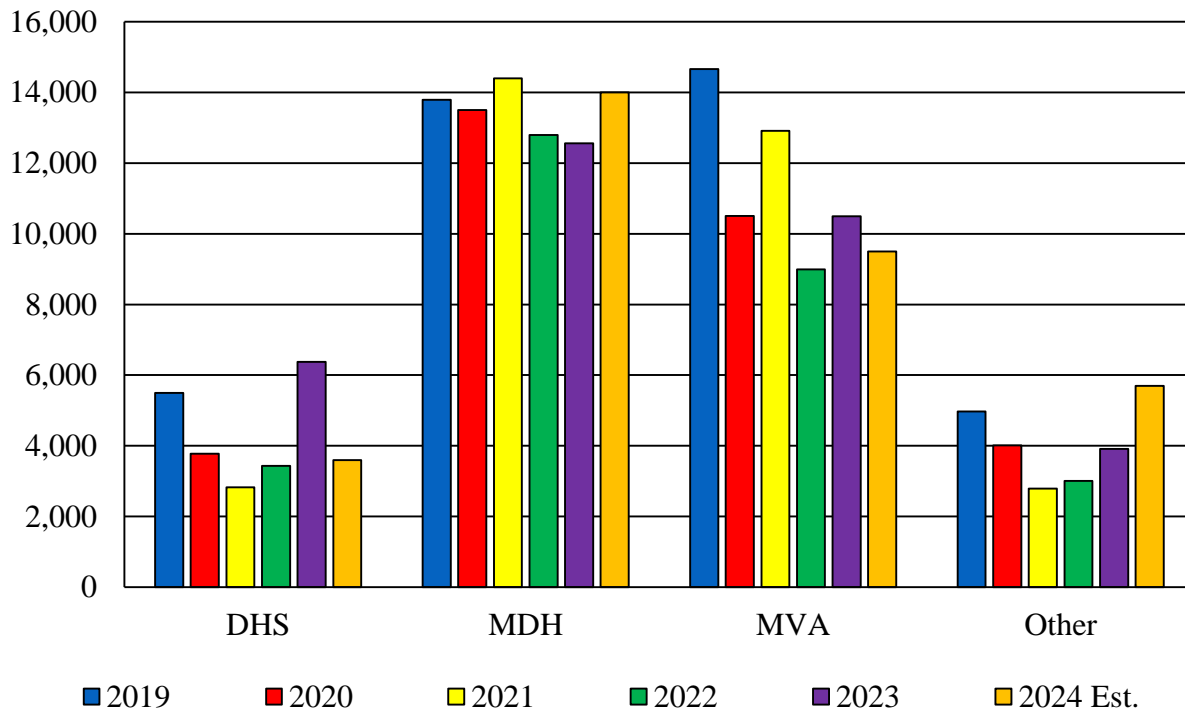
Source: Office of Administrative Hearings; Department of Legislative Services

OAH has stated that the increases in conferences scheduled and held has not yet had a harmful impact on agency operations, but the agency is closely monitoring the trend as it could have a more severe impact if these figures continue to increase.

2. Increase in Total Cases Heard, Decrease in Average Overall Case Processing Time

OAH hears thousands of cases each year from more than 30 State agencies. In fiscal 2023, OAH disposed of 32,819 cases, an increase of 4,600 cases from fiscal 2022. This increase in cases represents a return to a typical number of cases disposed of in a year for OAH, partly due to the resolution of an issue in fiscal 2022 that resulted in a delay in Motor Vehicle Administration (MVA) cases being transmitted to OAH. The majority of OAH’s cases come from the Department of Human Services, the Maryland Department of Health, and MVA. A breakdown of cases disposed by OAH by agency is shown in **Exhibit 5**.

Exhibit 5
Cases Disposed by Agency
Fiscal 2019-2024 Est.



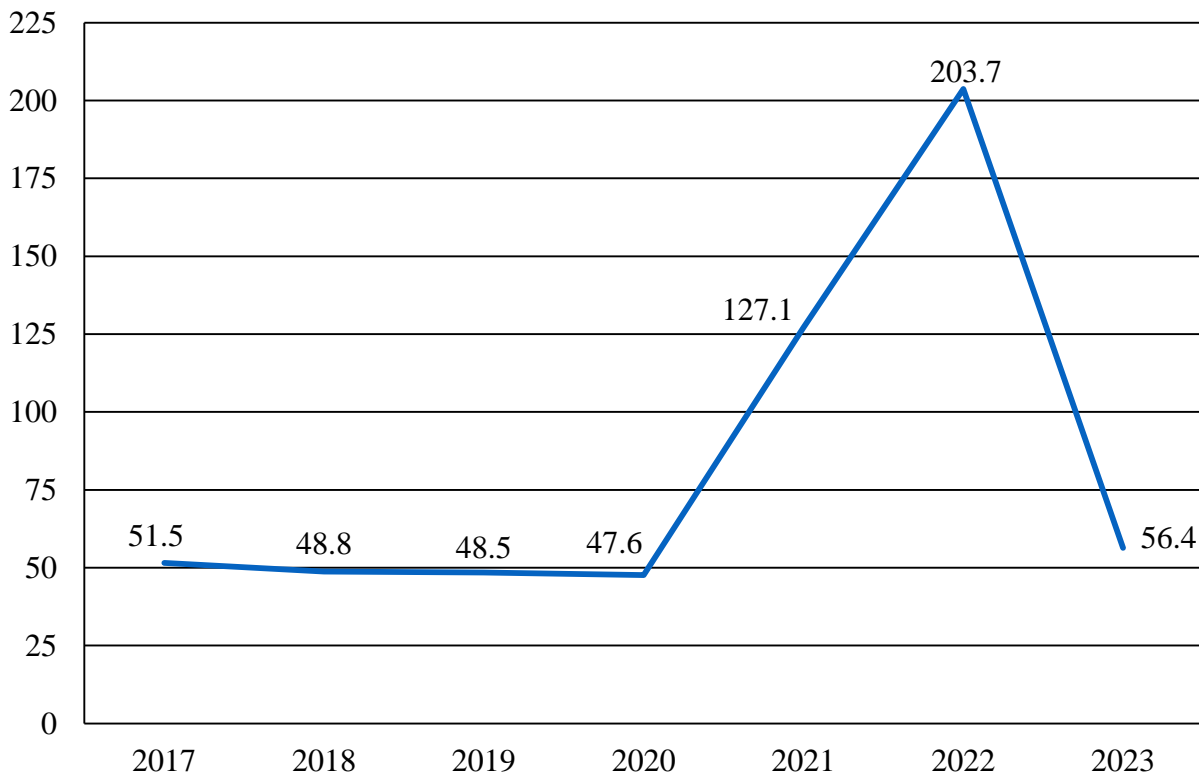
DHS: Department of Human Services
 MDH: Maryland Department of Health
 MVA: Motor Vehicle Administration

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

In fiscal 2023, a number of different case types experienced a decrease in average case processing time, resulting in a slight decrease in overall average case processing time, from 46 days in fiscal 2022 to 45.8 days in fiscal 2023.

The most significant decrease in average case processing time was in foreclosure cases. These cases are tracked from the date a mediation is requested to the date they are disposed. In fiscal 2021 to 2022, these cases had a significantly longer than normal average processing time due to foreclosure moratoriums implemented during the height of the COVID-19 pandemic. After reaching a peak of 203.7 days in fiscal 2022, average case processing time for foreclosure mediations decreased to 56.4 days in fiscal 2023. This average length of time is only slightly higher than in the years immediately preceding the pandemic, as seen in **Exhibit 6**, which shows average processing time for foreclosure mediations over the past several years.

Exhibit 6
Average Case Processing Time for Foreclosure Mediations
Fiscal 2017-2023



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

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

D99A11 – Office of Administrative Hearings

<u>Agency Name</u>	<u>Common Case Types</u>
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
Law Enforcement Agencies	Maryland Police Accountability Act Cases

**Appendix 2
Audit Findings**

Audit Period for Last Audit:	July 3, 2018 – August 31, 2022
Issue Date:	March 2023
Number of Findings:	0
Number of Repeat Findings:	0
% of Repeat Findings:	0%

- There were no findings in OAH’s most recent audit.

**Appendix 3
Object/Fund Difference Report
Office of Administrative Hearings**

<u>Object/Fund</u>	<u>FY 23 Actual</u>	<u>FY 24 Working Appropriation</u>	<u>FY 25 Allowance</u>	<u>FY 24 - FY 25 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	117.00	117.00	117.00	0.00	0%
02 Contractual	0.00	0.50	0.50	0.00	0%
Total Positions	117.00	117.50	117.50	0.00	0%
Objects					
01 Salaries and Wages	\$ 14,837,782	\$ 16,188,687	\$ 16,630,077	\$ 441,390	2.7%
02 Technical and Special Fees	0	21,499	23,368	1,869	8.7%
03 Communication	109,386	125,040	129,040	4,000	3.2%
04 Travel	98,488	117,000	188,000	71,000	60.7%
06 Fuel and Utilities	67,809	74,632	67,809	-6,823	-9.1%
07 Motor Vehicles	7,532	6,781	7,820	1,039	15.3%
08 Contractual Services	1,060,502	1,008,636	1,069,157	60,521	6.0%
09 Supplies and Materials	186,148	151,800	188,580	36,780	24.2%
10 Equipment – Replacement	196,603	8,067	45,000	36,933	457.8%
11 Equipment – Additional	13,618	15,000	15,000	0	0%
13 Fixed Charges	1,141,576	1,172,987	1,223,852	50,865	4.3%
Total Objects	\$ 17,719,444	\$ 18,890,129	\$ 19,587,703	\$ 697,574	3.7%
Funds					
03 Special Fund	\$ 33,959	\$ 52,471	\$ 51,943	-\$ 528	-1.0%
09 Reimbursable Fund	17,685,485	18,837,658	19,535,760	698,102	3.7%
Total Funds	\$ 17,719,444	\$ 18,890,129	\$ 19,587,703	\$ 697,574	3.7%

Note: The fiscal 2024 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. The fiscal 2025 allowance does not include contingent reductions or cost-of-living adjustments.