

**D99A11**  
**Office of Administrative Hearings**

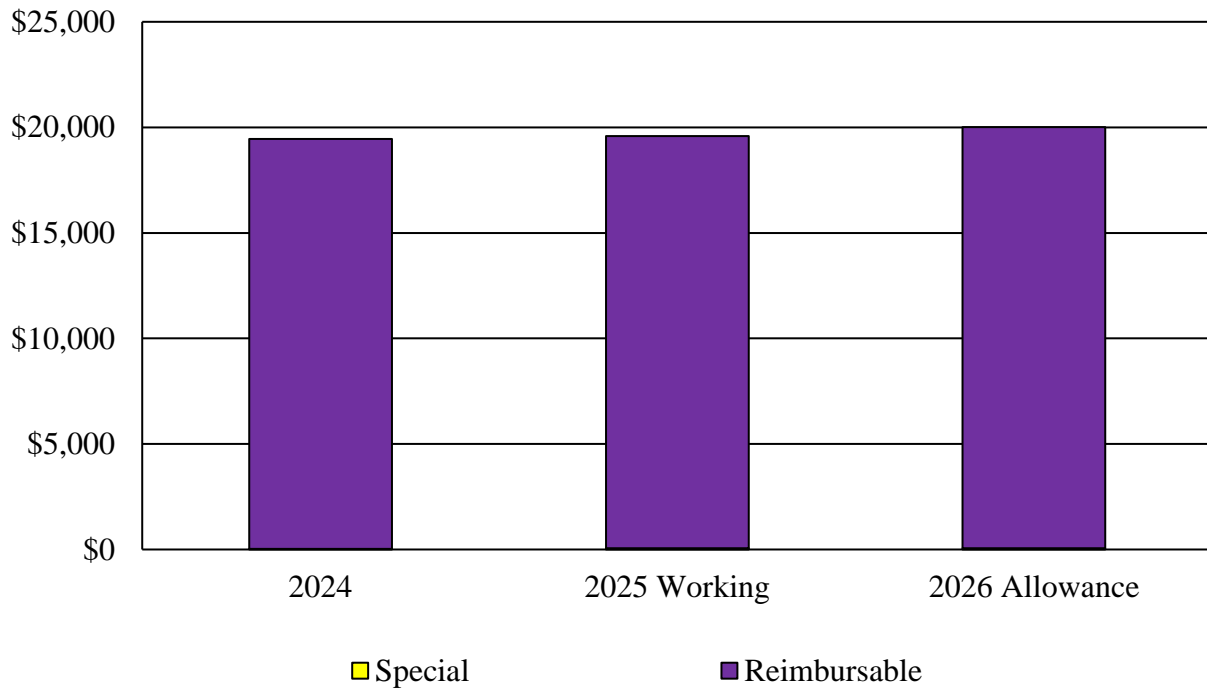
**Program Description**

The Office of Administrative Hearings (OAH) was established in 1989 to centralize the hearing functions in various units of State government and provide an unbiased and objective forum for contested cases involving State agencies. As such, it is an independent unit of the Executive Branch. OAH is one of the largest central panel agencies in the country. Cases before OAH originate from approximately 30 agencies that reimburse the agency 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***

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**Fiscal 2026 Budget Increases \$427,456, or 2.2%, to \$20.0 Million  
(\$ in Thousands)**



Note: The fiscal 2025 impacts of statewide salary adjustments are centrally budgeted in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2026 impacts of the fiscal 2025 statewide salary adjustments appear in this agency’s budget. The fiscal 2026 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

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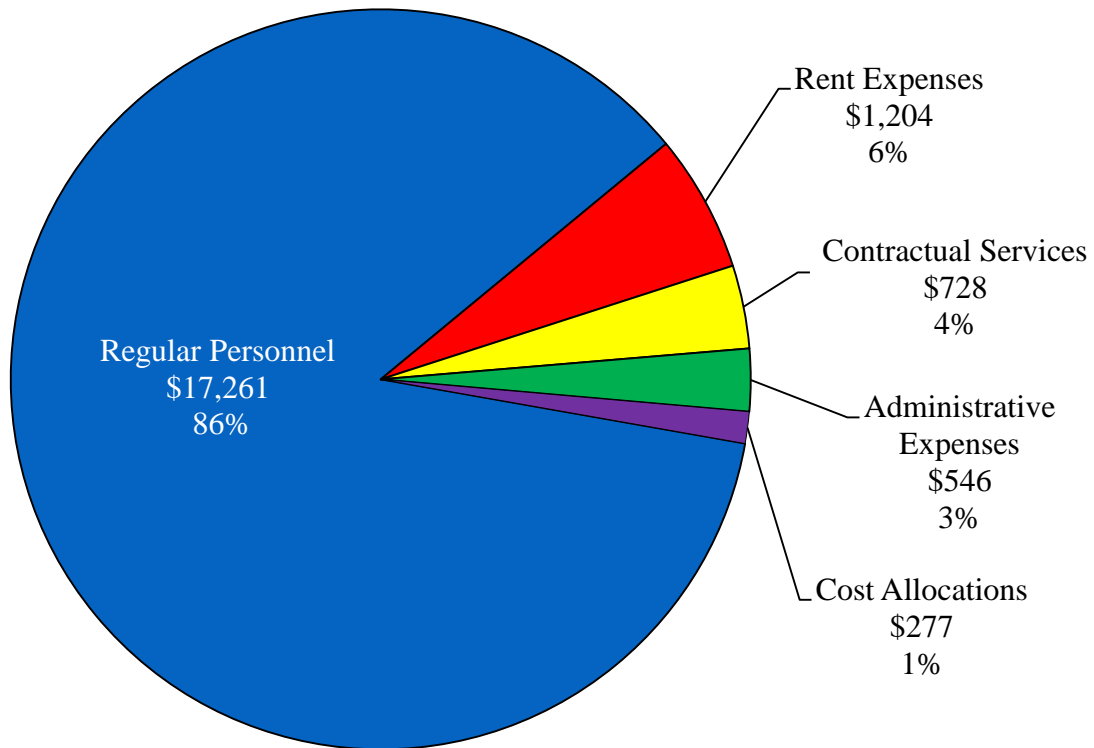
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## Fiscal 2026 Overview of Agency Spending

As illustrated in **Exhibit 1**, OAH’s fiscal 2026 allowance totals \$20.0 million, of which 86% supports 117 regular positions. The second largest category, rent expenses, is 6% of the allowance and funds OAH’s office in Hunt Valley. Contractual services comprise another 4% of the allowance and includes translation services provided during hearings and outside counsel and legal service providers that are used for administrative support during and in relation to hearings conducted by the agency.

**Exhibit 1**  
**Overview of Agency Spending**  
**Fiscal 2026 Allowance**  
**(\$ in Thousands)**



Note: The fiscal 2026 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 2026 Budget Books

## Proposed Budget Change

As shown in **Exhibit 2**, the fiscal 2026 allowance for OAH increases by 2.2% compared to the fiscal 2025 working appropriation. The largest increases include funding for personnel, including the effects of the fiscal 2025 cost-of-living adjustment and increments not yet reflected in the agency’s budget in that year, increases in the agency’s share of statewide cost allocations, and additional security for the agency’s facilities and proceedings. Significant decreases include a lower allowance for employee and retiree health insurance along with a 44.7% decrease in funding for travel.

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

<b>How Much It Grows:</b>	<b>Special <u>Fund</u></b>	<b>Reimb. <u>Fund</u></b>	<b><u>Total</u></b>
Fiscal 2024 Actual	\$30	\$19,424	\$19,454
Fiscal 2025 Working Appropriation	52	19,536	19,588
Fiscal 2026 Allowance	<u>52</u>	<u>19,963</u>	<u>20,015</u>
Fiscal 2025-2026 Amount Change	\$0	\$427	\$427
Fiscal 2025-2026 Percent Change		2.2%	2.2%

<b>Where It Goes:</b>	<b><u>Change</u></b>
<b>Personnel Expenses</b>	
Salary increases and associated fringe benefits, including fiscal 2025 cost-of-living adjustments and increments.....	\$1,460
Turnover rate decreases from 3.36% to 3.14% .....	35
One-time funding for accrued leave payouts.....	-89
Employee and retiree health insurance.....	-775
<b>Other Changes</b>	
Cost allocation .....	112
Contract security service to provide coverage of agency facilities and proceedings .....	35
Copier equipment rental contract .....	-6
Office supplies.....	-12
Reduced postage expenses .....	-14
One-time funding for replacement computer equipment .....	-30
Maintenance contracts for E-filing system, computer software, and computer equipment .....	-50
Contracts for outside counsel, translation services, and other legal services .....	-65

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<b>Where It Goes:</b>	<b><u>Change</u></b>
Computer software expenses .....	-80
In-state and out-of-state conference and training costs .....	-84
Other adjustments .....	-10
<b>Total</b>	<b>\$427</b>

Note: Numbers may not sum to total due to rounding. The fiscal 2025 impacts of statewide salary adjustments are centrally budgeted in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2026 impacts of the fiscal 2025 statewide salary adjustments appear in this agency’s budget. The fiscal 2026 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

***Personnel Data***

	<b><u>FY 24</u></b>	<b><u>FY 25</u></b>	<b><u>FY 26</u></b>	<b><u>FY 25-26</u></b>
	<b><u>Actual</u></b>	<b><u>Working</u></b>	<b><u>Allowance</u></b>	<b><u>Change</u></b>
Regular Positions	117.00	117.00	117.00	0.00
Contractual FTEs	<u>0.50</u>	<u>0.50</u>	<u>0.50</u>	<u>0.00</u>
<b>Total Personnel</b>	<b>117.50</b>	<b>117.50</b>	<b>117.50</b>	<b>0.00</b>

***Vacancy Data: Regular Positions***

Turnover and Necessary Vacancies, Excluding New Positions	3.67	3.14%
Positions and Percentage Vacant as of 11/30/24	5.00	4.27%
Vacancies Above Turnover	1.33	

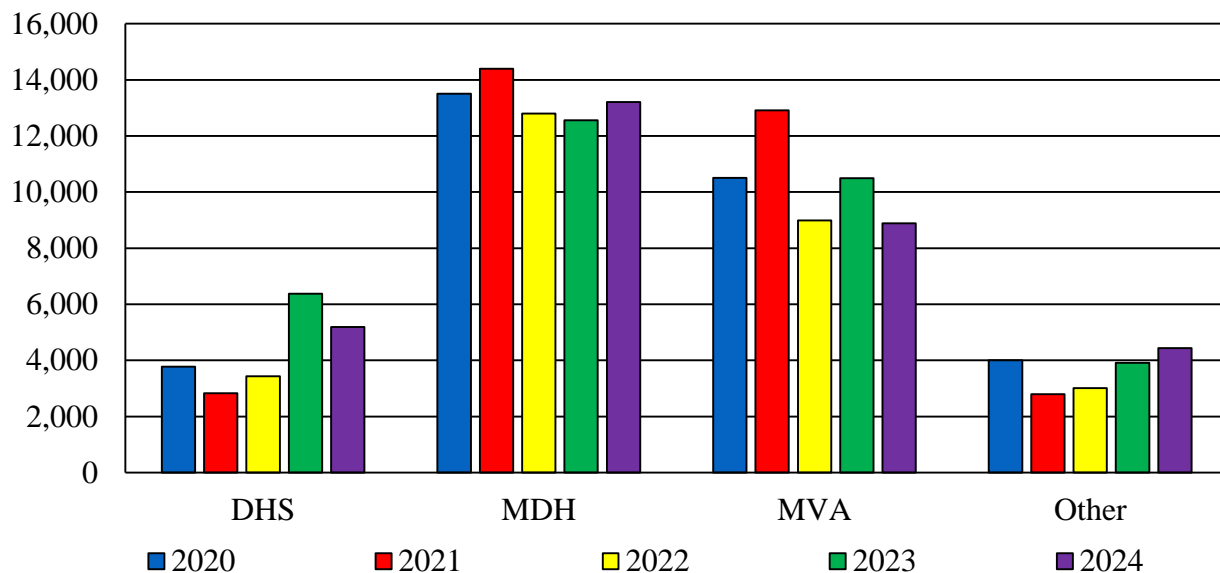
- Administrative law judges (ALJ) account for 3 of the 5 vacant positions. OAH follows a practice of filling several of these positions at the same time. The agency’s training process for new ALJs takes several months and requires significant resources. In order to minimize training expenses, the agency recruits and trains new employees for multiple vacancies of this type at one time. OAH indicates that recruitment is underway to fill these positions, and the agency anticipates that new ALJs will fill the existing vacant positions in March.

## Key Observations

### 1. Total Number of Cases Heard Decreases Slightly

OAH hears cases each year from more than 30 State agencies. As shown in **Exhibit 3**, of the 31,730 cases disposed of by OAH in fiscal 2024, 27,292 cases (86%) originated in just 3 agencies. As in past years, the Maryland Department of Health (MDH) was the agency with the most cases disposed of by OAH in fiscal 2024, with a total of 13,207 cases, followed by the Maryland Department of Transportation’s Motor Vehicle Administration and the Department of Human Services (DHS), with 8,890 and 5,195 cases, respectively. Mortgage foreclosure mediations, which are included in the “Other” category, increased by 222 cases for a total of 940 in fiscal 2024. This continues a trend that began in fiscal 2022 as federally instituted foreclosure moratoriums concluded, and homeowners returned to mediations held by OAH. Maryland State Department of Education (MSDE) cases are also included in the “Other” category and have risen for three consecutive years after sharply decreasing between fiscal 2020 and 2021. OAH disposed of 1,237 cases from MSDE in fiscal 2024, an increase of 137 cases from the prior year and an increase of 520 cases from the recent low of 717 cases in fiscal 2021.

**Exhibit 3**  
**Cases Disposed by Agency**  
**Fiscal 2020-2024**

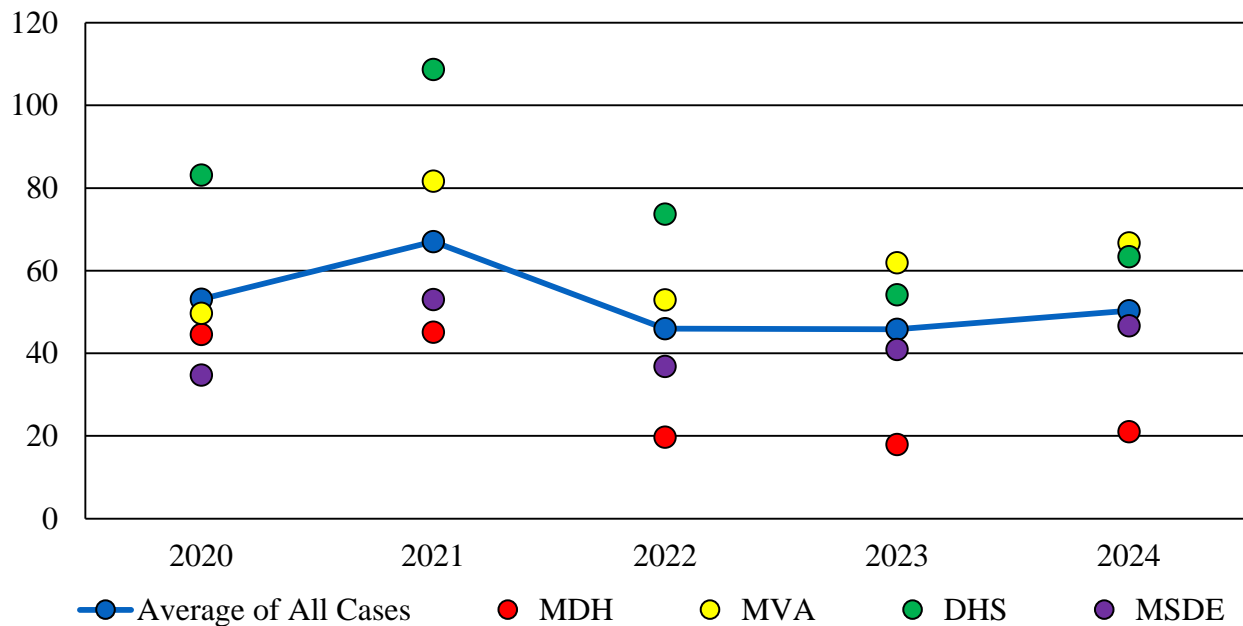


DHS: Department of Human Services  
 MDH: Maryland Department of Health  
 MVA: Motor Vehicle Administration

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

One of the objectives identified in OAH’s annual Managing for Results (MFR) submission is for the agency to dispose of all cases in “an efficient and timely manner”. OAH schedules hearings promptly upon receipt of an appeal for all case types, including MDH hearings and DHS hearings, which have federally imposed time limits of 90 days or 120 days. For other cases, OAH does not have a set timeline for what constitutes a timely disposition. In fiscal 2024, OAH reported that 99.9% of decisions were issued in a timely manner, an increase of 0.1 percentage point compared to fiscal 2023. OAH reported this improvement despite the average number of days from the date of receipt of an appeal to the date of disposition overall increasing by 4.5 days between fiscal 2023 and 2024. As shown in **Exhibit 4**, in fiscal 2024, the average processing time increased for all of the agencies with cases specifically tracked by OAH except for two. The agency has cited several factors for the increase in average case processing times, including postponements due to good cause, which may include medical or family emergencies or requests to obtain counsel. Additionally, the agency has identified an increase in multi-party cases and an increased use of motions, including motions to dismiss and motions for summary decision.

**Exhibit 4**  
**Average Case Processing Time**  
**Fiscal 2020-2024**  
**Time in Days**



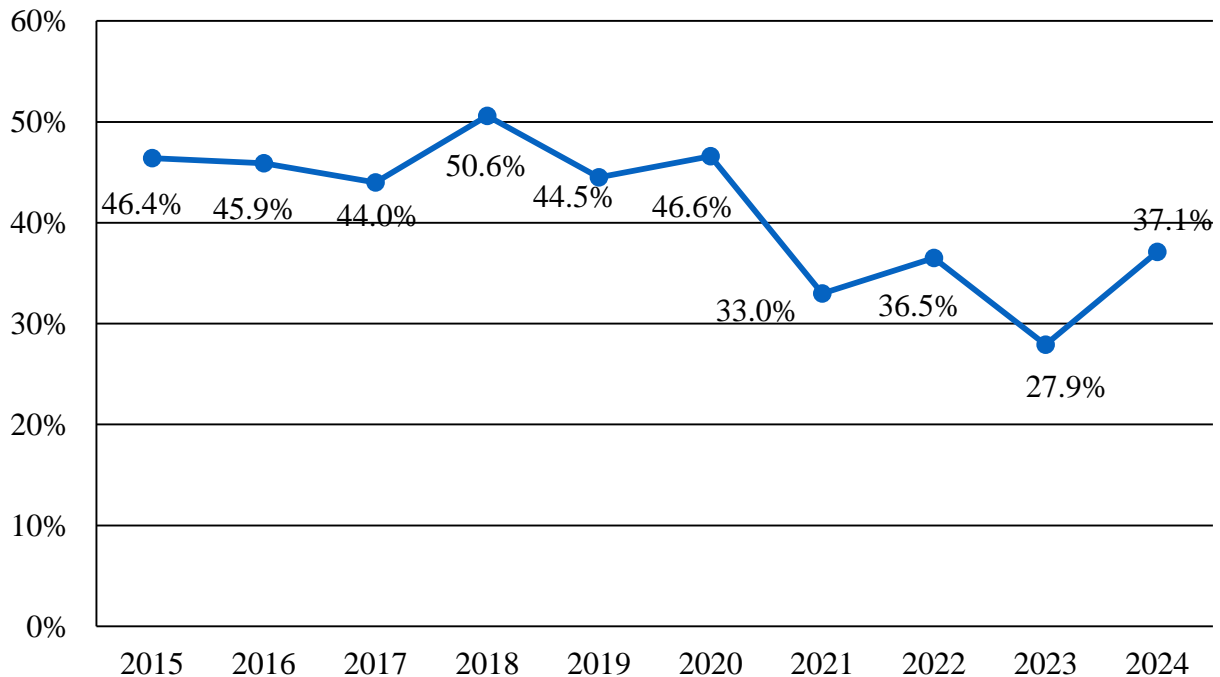
DHS: Department of Human Services  
 MDH: Maryland Department of Health  
 MSDE: Maryland State Department of Education  
 MVA: Motor Vehicle Administration

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

## 2. Percentage of Cases Resolved Using Alternative Dispute Resolution Techniques Increases

Cases brought before OAH are not strictly resolved via hearings. The agency encourages parties in cases to reach a settlement when possible, and ALJs are assigned by the agency to utilize alternative dispute resolution (ADR) techniques when requested by the parties to assist them in reaching a settlement. ALJs serve as either a settlement judge or a mediator when ADR techniques are being used in settlement discussions. As a settlement judge, ALJ will assist with settlement discussions but will also provide the parties with an assessment of their case during the process. As a mediator, ALJ works to facilitate a discussion aimed at reaching a settlement but does not provide an assessment of the case to the parties. As shown in **Exhibit 5**, in fiscal 2024, OAH resolved 37.1% of cases using ADR techniques, an increase of 9.2 percentage points from fiscal 2023. Despite this improvement, the percentage of cases resolved with ADR techniques in fiscal 2024 remains 13.5 percentage points below the 50.6% rate in fiscal 2018, which is the highest percentage in the last decade.

**Exhibit 5**  
**Percentage of Cases Resolved Using ADR Techniques**  
**Fiscal 2015-2024**



ADR: alternative dispute resolution

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

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OAH does not specifically state how parties are encouraged to participate in the ADR process nor does the agency set a goal for the percentage of cases to be resolved with ADR techniques each year. Given the variation in the percentage of cases resolved with ADR techniques in the past 10 years and the absence of other metrics regarding ADR techniques, such as the percentage of cases from each agency resolved with ADR techniques or the number of cases in which ADR techniques were utilized but unsuccessful, it is difficult to say how the agency can better employ ADR techniques. **OAH should comment on if data is tracked regarding which types of cases ADR techniques are most successful in resolving. The Department of Legislative Services recommends the adoption of committee narrative requesting that OAH include additional measures regarding the use of ADR techniques in the annual MFR submission.**



## ***Operating Budget Recommended Actions***

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1. Adopt the following narrative:

**Alternative Dispute Resolution Techniques Usage Measures:** The committees request that the Office of Administrative Hearings (OAH) begin including additional measures regarding the use of alternative dispute resolution (ADR) techniques in the agency’s annual Managing for Results (MFR) submission. The measures should include a list of case types for which ADR techniques may be utilized; the percentage of each case type resolved with ADR techniques; the average length of time from receipt of an appeal to the conclusion of the appeal when ADR techniques lead to a settlement; and the average length of time from receipt of appeal to conclusion in cases for which ADR techniques are not utilized.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
ADR techniques usage measures	OAH	With the fiscal 2027 MFR submission

**Appendix 1**  
**Hearing Case Types by Agency**

<b><u>Agency Name</u></b>	<b><u>Common Case Types</u></b>
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 (MDH)	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	Supplemental Nutrition Assistance Program Benefits; 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 MDH	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

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<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  
Object/Fund Difference Report  
Office of Administrative Hearings**

<u>Object/Fund</u>	<u>FY 24 Actual</u>	<u>FY 25 Working Appropriation</u>	<u>FY 26 Allowance</u>	<u>FY 25 - FY 26 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	117.00	117.00	117.00	0.00	0%
02 Contractual	0.50	0.50	0.50	0.00	0%
<b>Total Positions</b>	<b>117.50</b>	<b>117.50</b>	<b>117.50</b>	<b>0.00</b>	<b>0%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 16,794,121	\$ 16,630,077	\$ 17,260,773	\$ 630,696	3.8%
02 Technical and Special Fees	0	23,368	23,368	0	0%
03 Communication	141,955	129,040	112,149	-16,891	-13.1%
04 Travel	87,446	188,000	104,000	-84,000	-44.7%
06 Fuel and Utilities	73,072	67,809	73,072	5,263	7.8%
07 Motor Vehicles	1,708	7,820	7,460	-360	-4.6%
08 Contractual Services	977,523	1,069,157	1,004,808	-64,349	-6.0%
09 Supplies and Materials	173,169	188,580	177,000	-11,580	-6.1%
10 Equipment – Replacement	19,576	45,000	15,000	-30,000	-66.7%
11 Equipment – Additional	19,931	15,000	15,000	0	0%
13 Fixed Charges	1,165,659	1,223,852	1,222,529	-1,323	-0.1%
<b>Total Objects</b>	<b>\$ 19,454,160</b>	<b>\$ 19,587,703</b>	<b>\$ 20,015,159</b>	<b>\$ 427,456</b>	<b>2.2%</b>
<b>Funds</b>					
03 Special Fund	\$ 30,280	\$ 51,943	\$ 51,943	\$ 0	0%
09 Reimbursable Fund	19,423,880	19,535,760	19,963,216	427,456	2.2%
<b>Total Funds</b>	<b>\$ 19,454,160</b>	<b>\$ 19,587,703</b>	<b>\$ 20,015,159</b>	<b>\$ 427,456</b>	<b>2.2%</b>

Note: The fiscal 2026 allowance does not include contingent reductions or statewide salary adjustments budgeted within the Department of Budget and Management.