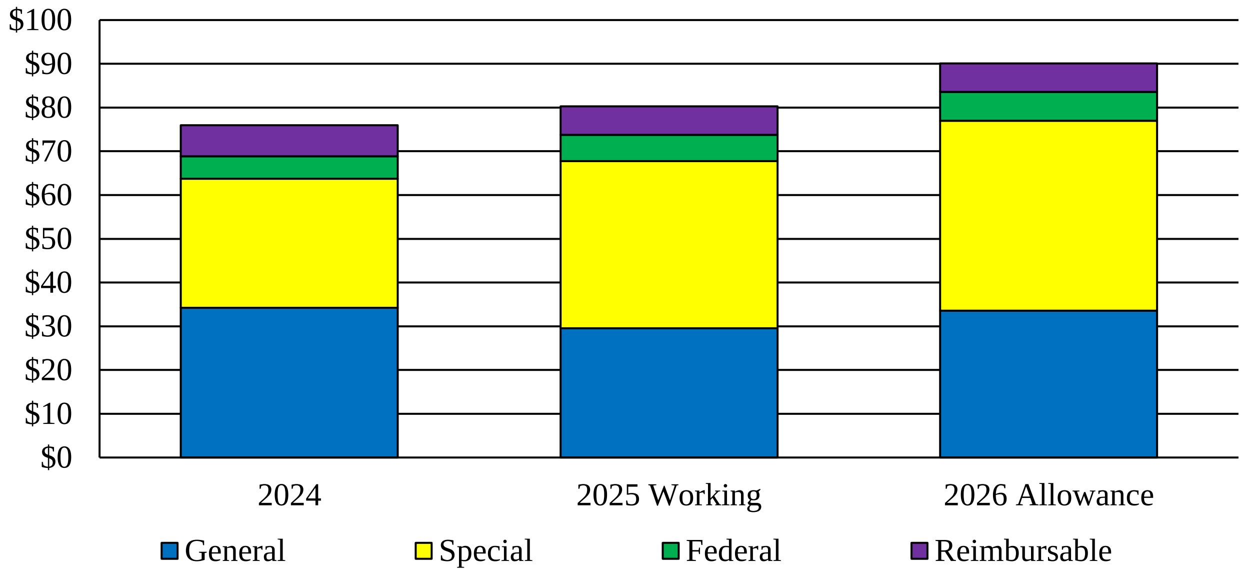
C81C
Office of the Attorney General

Program Description

The Attorney General acts as legal counsel to the Governor; the General Assembly; the Judiciary; and all departments, boards, and commissions (except the Maryland Commission on Civil Rights, the Public Service Commission, and the State Ethics Commission). The Office of the Attorney General (OAG) represents the State in all matters of interest to the State, including civil litigation and criminal appeals in all State and federal courts. The office also reviews legislation passed by the General Assembly prior to consideration by the Governor and oversees the expenditures of the Mortgage Loan Servicing Practices Settlement Fund. The office is currently supported by 14 divisions: Legal Counsel and Advice; Securities; Consumer Protection; Antitrust; Medicaid Fraud Control; Civil Litigation; Civil Rights; Criminal Appeals; Criminal Investigation; Educational Affairs; Correctional Litigation; Contract Litigation; People's Insurance Counsel; and the Independent Investigations Division.

Operating Budget Summary

Fiscal 2026 Budget Increases $9.8 Million, or 12.3%, to $90.1 Million
($ in Millions)



Note: The fiscal 2025 working appropriation accounts for deficiencies and contingent reductions. The fiscal 2026 allowance accounts for contingent reductions. 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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Fiscal 2025

Proposed Deficiency

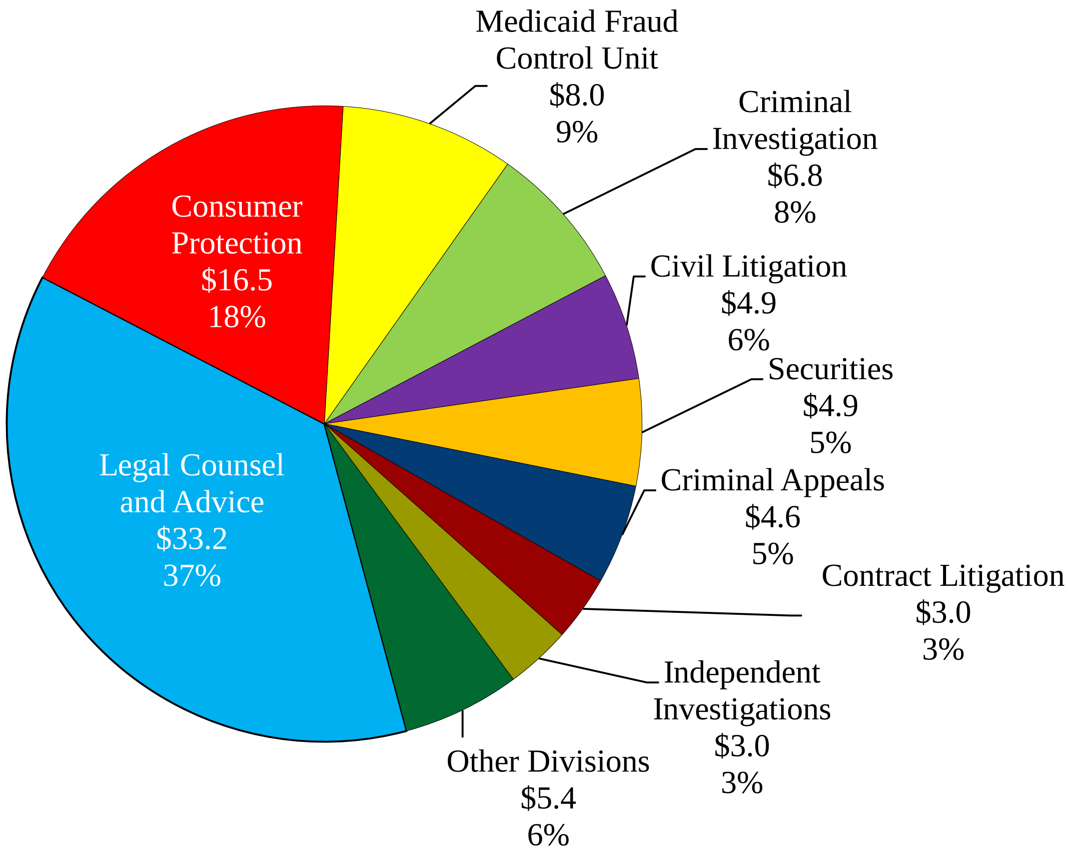
There are three proposed fiscal 2025 deficiency appropriations for OAG that have a net impact of increasing the overall appropriation by $1,500.

- One proposed deficiency appropriation of $1,500 in general funds is added to fully fund the mandated salary for the Attorney General.
- Two proposed deficiency appropriations in the Legal Counsel and Advice and Criminal Investigations Division each reduce the general fund appropriation by $845,000 and increase the special fund appropriation by the same amount (for a total $1,690,000 reduction in general funds and $1,690,000 increase in special funds), contingent on the enactment of legislation expanding the allowable uses of the Securities Act Registration Fund. Further discussion of this contingent appropriation may be found in the Budget Reconciliation and Financing Act (BRFA) section of this analysis.

Fiscal 2026 Overview of Agency Spending

As depicted in **Exhibit 1**, OAG's fiscal 2026 allowance totals $90.1 million after accounting for contingent reductions, providing funding for the agency's various divisions. Legal Counsel and Advice is the largest program, comprising 37% of the allowance, and the Consumer Protection Division (CPD) is the second largest, with 18% of the allowance. No other program accounts for more than 10% of the allowance.

Exhibit 1
Overview of Agency Spending
Fiscal 2026 Allowance
($ in Millions)



Note: The fiscal 2026 allowance accounts for contingent reductions. 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 OAG increases by 12.3% compared to the fiscal 2025 working appropriation after accounting for proposed deficiency appropriations and contingent reductions. The largest change is the creation of 31 new positions, 20 of which are contractual conversions.

Exhibit 2
Proposed Budget
Office of the Attorney General
($ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2024 Actual	$34,196	$29,538	$5,102	$7,105	$75,941
Fiscal 2025 Working Appropriation	29,566	38,183	6,046	6,469	80,264
Fiscal 2026 Allowance	33,560	43,463	6,535	6,549	90,107
Fiscal 2025-2026 Amount Change	$3,994	$5,280	$489	$80	$9,843
Fiscal 2025-2026 Percent Change	13.5%	13.8%	8.1%	1.2%	12.3%

Where It Goes:	Change
Personnel Expenses	
Salary increases and associated fringe benefits, including fiscal 2025 COLA and increments	$5,806
Costs associated with 11 new positions and 20 contractual conversions	4,561
Turnover rate decreases from 7.54% to 6.13%	775
Workers' compensation premium assessment	-31
Employee and retiree health insurance	-359
Other Changes	
Cost allocation	66
Elimination of 22 contractual positions primarily due to contractual conversions	-915
Other adjustments	-60
Total	**$9,843**

COLA: cost-of-living adjustment

Note: Numbers may not sum to total due to rounding. The fiscal 2025 working appropriation accounts for deficiencies, and contingent reductions. The fiscal 2026 allowance accounts for contingent reductions. 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.

Budget Reconciliation and Financing Act

There are three provisions in the BRFA as introduced which impact OAG. One provision alters the mandate that requires $350,000 in general funds be included for the enforcement of consumer protection laws by requiring the mandate to be met with special funds rather than general funds. The allowance therefore contains a reduction of $350,000 in general funds and a special fund appropriation of the same amount, contingent on the passage of the BRFA. The language in the fiscal 2026 Budget Bill containing these contingent actions is not clear as it is written as contingent on the enactment of legislation reducing the general fund mandate, while the mandate is instead altered to mandate special funds rather than general funds. **The Department of Legislative Services (DLS) recommends amending the budget bill language to make the contingent language more clearly align with the BRFA provision.**

Two provisions impact the Securities Act Registration Fund. One of these alters the allowable uses of the fund to allow funds to be used for the general operations of the agency. The Securities Act Registration Fund is normally used to support the operations of the OAG's Securities Division, including investigations and enforcement actions. This provision is related to contingent reductions in both fiscal 2025 and 2026, each totaling $1,690,000 that replaces general funds with special funds in the Legal Counsel and Advice program and Civil Litigation Division. Although the same total amount, the amounts vary between years between the two divisions. The other provision authorizes the Governor to transfer $5 million from the Securities Act Registration Fund to the General Fund on or before June 30, 2025. Accounting for both provisions, OAG anticipates a fiscal 2026 closing fund balance of $5.7 million.

Personnel Data

	FY 24 Actual	FY 25 Working	FY 26 Allowance	FY 25-26 Change
Regular Positions	360.50	369.50	400.50	31.00
Contractual FTEs	46.10	31.45	9.45	-22.00
Total Personnel	**406.60**	**400.95**	**409.95**	**9.00**
Vacancy Data: Regular Positions				
Turnover and Necessary Vacancies, Excluding New Positions		22.59	6.13%	
Positions and Percentage Vacant as of 12/31/24		13.00	3.49%	
Vacancies Below Turnover		9.59		

- The new positions include 5 new assistant Attorneys General (AAG) and an administrative position for the Civil Litigation Division and a claims processor, 2 positions supporting the

Opioids Unit, and two Enforcement positions for CPD. The additional AAG positions add resources for trying and investigating the higher number of cases present in recent years, along with the more complex nature of cases as digital evidence becomes more prevalent and takes additional time to analyze during the investigative and prosecutorial processes. The additional administrative staff positions include investigators, claims processing staff, and other support staff necessary to handle OAG caseloads in the divisions where the positions are being created.

- The contractual conversions create 5 AAG and 4 administrative positions in the Criminal Division and 11 administrative positions in CPD. The administrative positions for the CPD Unit include a chief arbitrator, an investigator, and a case coordinator, along with additional staff for the Mediation, Health Advocacy, and Health Club units. In the Criminal Division, the new non-AAG staff include 1 victim witness coordinator, 1 analyst, and 2 investigators. In addition to the contractual conversions, OAG also has 2 fewer contractual full-time equivalents in the fiscal 2026 allowance for CPD, as the agency is no longer utilizing contractual staff in the Financial Unit.

- The fiscal 2025 legislative appropriation included 372.5 regular positions. Four positions were transferred to the Office of the Correctional Ombudsman from the Juvenile Justice Monitoring Unit through a budget amendment as required by Chapter 836 of 2024. In addition, the Board of Public Works created 1 new AAG position to support the Maryland Technology Development Corporation's general counsel and 3 other AAGs providing legal services to the Maryland Technology Development Corporation. As a result of these midyear actions, the fiscal 2025 working appropriation includes a total of 369.5 regular positions.

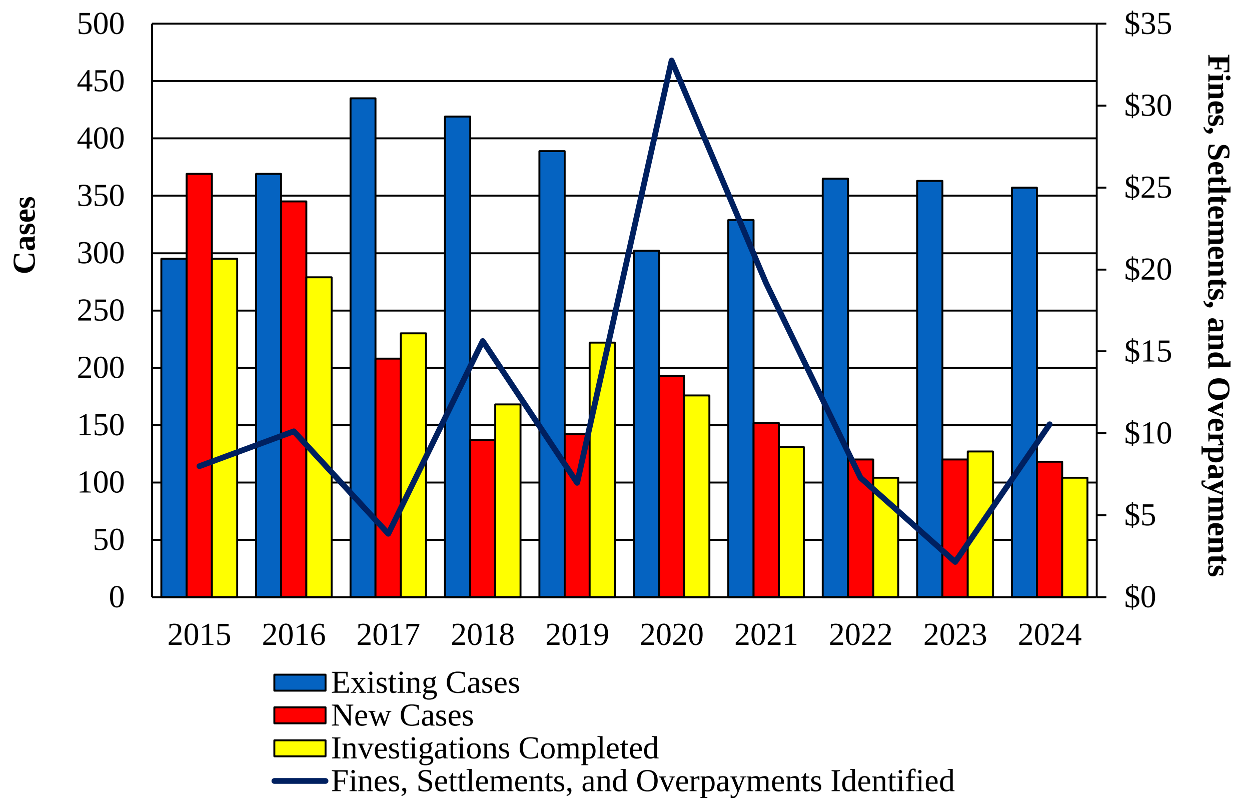
- The 13 vacant positions present at the end of December 2024 are below the number of necessary vacancies for OAG's budgeted turnover amount. If the agency continues to have this level of vacant positions, additional funding may be required to fully fund the agency's personnel expenses.

Key Observations

1. Medicaid Fraud Control Unit Recoveries Increase as Litigation Concludes

The federally required Medicaid Fraud Control Unit (MFCU) within OAG investigates and prosecutes fraud involving the Medicaid system by providers and Medicaid administrators. MFCU also investigates and prosecutes crimes involving the abuse and neglect of vulnerable adults as it relates to health care, as well as crimes involving the ongoing opioid use epidemic. This unit is funded mostly with federal funds and prosecutes civil and criminal cases. In fiscal 2024, MFCU completed 104 total investigations. As illustrated in **Exhibit 3**, the total number of cases and completed investigations decreased in fiscal 2024.

Exhibit 3
Medicaid Fraud Control Unit Cases and Recoveries
Fiscal 2015-2024
($ in Millions)



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

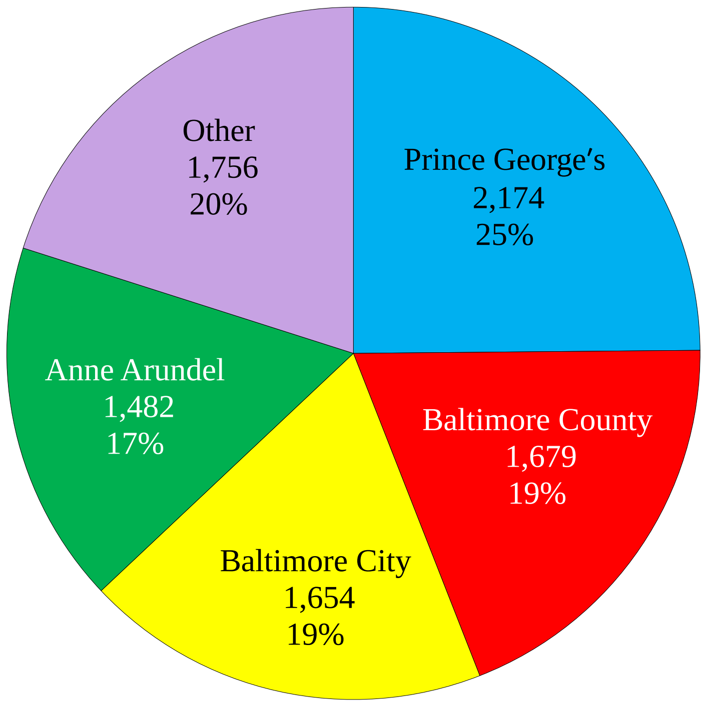
Recoveries obtained by MFCU in fiscal 2024 totaled $10.5 million, an increase of $8.4 million from the prior year. MFCU recoveries include fines, settlements, and overpayments. The significant increase in funds recovered in fiscal 2024 stems from two long-running criminal fraud investigations. These cases concluded in fiscal 2024 and brought approximately $9.5 million in restitution. Without the recoveries from these two cases, the total recoveries for fiscal 2024 would have been approximately $1.0 million, which would have been the lowest amount collected in the past 10 years.

2. Access to Counsel in Evictions Program Enters Final Year of Rollout

Chapter 746 of 2021 established the Access to Counsel in Evictions (ACE) program, along with the ACE Special Fund. The ACE program and the ACE Special Fund are both administered by the Maryland Legal Services Corporation (MLSC), in order to provide counsel in cases of eviction for qualifying individuals. The same legislation also established the ACE Task Force, which has 15 members appointed by OAG. This task force is responsible for studying potential funding sources, making recommendations to improve the implementation of the ACE program, and evaluating the provision of services provided under the program. The rollout of the ACE program is a three-year process, with final implementation to be completed by October 1, 2025. The first phase included counsel being offered via the program to qualifying tenants in counties that had previously operated their own access to counsel in evictions programs. The current phase of the rollout involves geographic expansion to the counties that did not previously offer an access to counsel in evictions program, as well as the implementation of a coordinated intake program. The coordinated intake program allows tenants to call a hotline to request counsel in an eviction proceeding, then being referred directly to a provider serving their area who has capacity to take on the case.

In fiscal 2024, 8,745 tenants were provided with counsel via the program, which is more than double the 3,973 tenants served in the prior year. Fiscal 2024 included the program expanding its representation to each jurisdiction in the State along with additional legal services providers joining the program, enabling more tenants to utilize the program in every jurisdiction. As shown in **Exhibit 4**, Anne Arundel, Baltimore, and Prince George's counties and Baltimore City accounted for approximately 80% of the total number of cases served by ACE in fiscal 2024.

Exhibit 4
Eviction Cases Closed by County with Assistance from the ACE Program
Fiscal 2024

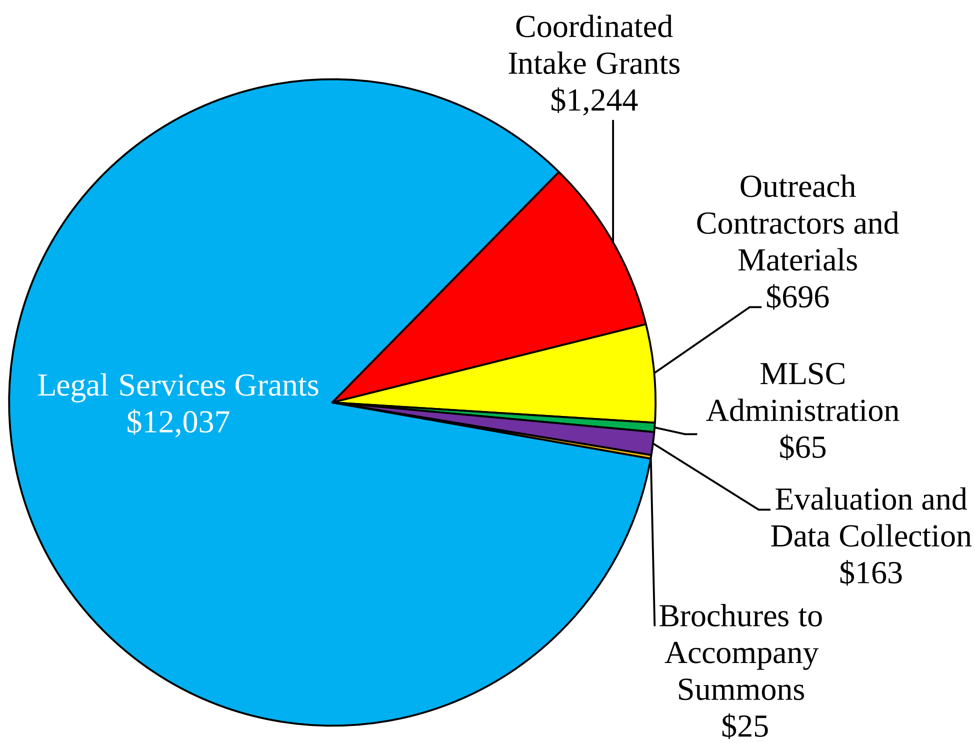


ACE: Access to Counsel in Evictions

Source: Maryland Legal Services Corporation; Department of Legislative Services

Funding for the ACE program in fiscal 2024 was provided from the Abandoned Property Fund and federal grant funds from the Emergency Rental Assistance program acquired via an agreement with the Department of Housing and Community Development. The distribution from the Abandoned Property Fund was mandated by Chapter 40 of 2022. The mandate is currently set to expire after fiscal 2027. The funding provided to the ACE program is used primarily to fund legal services grants to providers participating in the program. Funds are also used for administrative costs and tenant outreach and education. As shown in **Exhibit 5**, the costs of the program exceeded $14 million in fiscal 2024, including funding from the both the Abandoned Property Fund and the federal grant funds.

Exhibit 5
Overview of ACE Program Expenses
Fiscal 2024
($ in Thousands)



ACE: Access to Counsel in Evictions
MLSC: Maryland Legal Services Corporation

Source: Maryland Legal Services Corporation; Department of Legislative Services

MLSC has previously estimated that ACE will cost $25 million per year when it is fully rolled out. With the rollout process planned to be complete during fiscal 2026, the program does not appear to be fully funded and may require additional funds to operate at full capacity during fiscal 2026. Prior to October 1, 2025, MLSC should work with the ACE Task Force to continue to research and identify additional fund sources for the program.

Given that the program is not expected to be fully funded with the $14 million in the allowance, MLSC should comment on how the organization intends to close the gap in funding. Additionally, DLS recommends the adoption of committee narrative requesting a report on the final implementation of the ACE program, the estimated costs of the program in fiscal 2027, and information on all funding available for the program.

3. Child Victims Act Litigation Poses Potentially Significant Fiscal Liability for the State

Chapter 5 of 2023, the Child Victims Act, repealed the statute of limitations on child sexual abuse lawsuits. As of the writing of this analysis, about 3,500 lawsuits have been lodged against State agencies alleging sexual abuse. The Act sets the State's maximum liability at $890,000 for a single claimant for injuries arising from an incident or occurrence. Occurrence is not defined in statute.

Negotiations are ongoing between OAG, outside counsel hired by the State, and representatives of parties which have filed suit against the State. No funding is currently designated in the fiscal 2025 working appropriation or the fiscal 2026 allowance for payments to claimants. To the extent that a settlement agreement is reached before the close of the legislative session, the Governor and General Assembly may need to identify a funding source and add funds to the budget for the settlement. **OAG should comment on the expected timeline for the completion of negotiations as well as what options exist for addressing the potential financial cost for the State.**

Operating Budget Recommended Actions

1. Adopt the following narrative:

Access to Counsel in Evictions Final Implementation and Future Costs Report: With final implementation of the Access to Counsel in Evictions (ACE) program slated to occur in fiscal 2026, the committees request a report on the status of the program at final implementation, including the total cost of the implementation of the program, the status of the coordinated intake program, the total number of participating legal services providers, the total funding granted to each provider in fiscal 2025, the program's procedures for ensuring adequate coverage in each jurisdiction, the total number of cases in fiscal 2025, the results of all cases in fiscal 2025, and the number of rejected tenants and the reasons for rejection in fiscal 2025. The report should also include a breakdown of all funding available in fiscal 2026 and the total estimated cost to operate the program in fiscal 2026, the estimated cost of operating the program in fiscal 2027, and information on all funding available for the program in fiscal 2027.

Information Request	**Author**	**Due Date**
Final implementation of ACE and future cost report	Maryland Legal Services Corporation	November 15, 2025

2. Add the following language to the general fund appropriation:

, provided that this appropriation shall be reduced by $350,000 contingent upon the enactment of legislation ~~reducing~~ altering the mandate ~~for general funds~~ in the Consumer Protection Division.

Explanation: This language is a technical correction to align the text of the budget bill with the Budget Reconciliation and Financing Act.

3. Add the following language to the special fund appropriation:

, provided that $350,000 of the appropriation is contingent upon the enactment of legislation ~~reducing~~ altering the mandate ~~for general funds~~ in the Consumer Protection Division.

Explanation: This language is a technical correction to align the text of the budget bill with the Budget Reconciliation and Financing Act.

Updates

- ***Francis Scott Key Bridge Litigation Ongoing:*** OAG remains engaged in litigation regarding the Francis Scott Key Bridge collapse. OAG has engaged five private law firms to assist with the litigation, and the firms are collectively providing a total of approximately 12 lawyers. Litigation costs are paid out of a fund established and maintained by the Department of Budget and Management. The payment to the private law firms for the affirmative litigation will be a percentage of the funds recovered for the State. If the State is sued for bridge-related claims, the firms will be paid $450 per hour for defensive work from the Maryland Transportation Authority's budget. OAG has stated that litigation is expected to continue for at least five years.

Appendix 1
2024 *Joint Chairmen's Report* Responses from Agency

The 2024 *Joint Chairmen's Report* (JCR) requested that OAG prepare one report. Electronic copies of the full JCR responses can be found on the DLS website.

- ***ACE Quarterly Reports:*** MLSC has submitted the first two quarterly reports for fiscal 2024. The remaining reports are due to be submitted in April and July 2025. Further discussion of these reports can be found in Key Observation 2 of this analysis.

Appendix 2
Object/Fund Difference Report
Office of the Attorney General

Object/Fund	FY 24 Actual	FY 25 Working Appropriation	FY 26 Allowance	FY 25 - FY 26 Amount Change	Percent Change
Positions					
01 Regular	360.50	369.50	400.50	32.00	8.6%
02 Contractual	82.50	31.45	9.45	-22.00	-70.0%
Total Positions	**443.00**	**400.95**	**409.95**	**10.00**	**2.5%**
Objects					
01 Salaries and Wages	$ 48,723,616	$ 54,635,473	$ 67,078,481	$ 12,443,008	22.8%
02 Technical and Special Fees	2,853,439	2,367,439	1,802,508	-564,931	-23.9%
03 Communication	136,471	277,714	277,714	0	0%
04 Travel	174,468	110,370	110,370	0	0%
07 Motor Vehicles	260,187	156,785	156,785	0	0%
08 Contractual Services	4,896,988	4,425,416	4,425,710	294	0%
09 Supplies and Materials	359,278	378,377	378,377	0	0%
11 Equipment – Additional	949,209	122,201	122,201	0	0%
12 Grants, Subsidies, and Contributions	14,529,251	14,574,112	14,574,112	0	0%
13 Fixed Charges	3,057,936	3,214,457	3,220,899	6,442	0.2%
Total Objects	**$ 75,940,843**	**$ 80,262,344**	**$ 92,147,157**	**$ 11,884,813**	**14.8%**
Funds					
01 General Fund	$ 34,195,771	$ 31,254,123	$ 35,599,899	$ 4,345,776	13.9%
03 Special Fund	29,538,300	36,493,121	43,463,025	6,969,904	19.1%
05 Federal Fund	5,101,581	6,046,084	6,535,161	489,077	8.1%
09 Reimbursable Fund	7,105,191	6,469,016	6,549,072	80,056	1.2%
Total Funds	**$ 75,940,843**	**$ 80,262,344**	**$ 92,147,157**	**$ 11,884,813**	**14.8%**

Note: The fiscal 2025 appropriation does not include deficiencies or contingent reductions. The fiscal 2026 allowance does not include contingent reductions or statewide salary adjustments budgeted within the Department of Budget and Management.