



THE PRINCE GEORGE'S COUNTY GOVERNMENT

Office of Audits and Investigations

April 26, 2018

M E M O R A N D U M

TO: Derrick L. Davis, Chair
Public Safety and Fiscal Management Committee (PSFM)

THRU: David H. Van Dyke, County Auditor *DHV*

FROM: Nana Boadu, Staff Auditor *NB*

RE: Office of Law
Fiscal Year 2019 Budget Review

Budget Overview

The FY 2019 Proposed Budget for the Office of Law is \$4,543,600, an increase of \$609,700, or 15.5%, over the FY 2018 Approved Budget. This increase is largely due to the creation of a new paralegal position, anticipated merit increases and cost of living adjustments, and the increase of the fringe benefit rate. The Office of Law expenditures are funded entirely by the General Fund.

Budget Comparison - General Fund

Approved Fiscal Year 2018 to Proposed Fiscal Year 2019

Category	FY 2017 Actual	FY 2018 Approved	FY 2018 Estimated	% Change - Est vs App	FY 2019 Proposed	\$ Change	% Change
Compensation	\$ 4,587,090	\$ 4,946,500	\$ 4,714,900	-4.7%	\$ 5,334,400	\$ 387,900	7.8%
Fringe Benefits	1,321,980	1,533,400	1,471,000	-4.1%	1,664,300	130,900	8.5%
Operating Expenses	414,200	448,800	453,300	1.0%	437,800	(11,000)	-2.5%
Sub-Total	\$ 6,323,270	\$ 6,928,700	\$ 6,639,200	-4.2%	\$ 7,436,500	\$ 507,800	7.3%
Recoveries	(2,594,370)	(2,994,800)	(2,754,400)	-8.0%	(2,892,900)	101,900	-3.4%
Total	\$ 3,728,900	\$ 3,933,900	\$ 3,884,800	-1.2%	\$ 4,543,600	\$ 609,700	15.5%

Authorized Staffing Count - General Fund

	FY 2018 Approved	FY 2019 Proposed	Change Amount	Percentage Change
Full-Time	55	56	1	1.8%
Total	55	56	1	1.8%

Staffing Changes and Compensation

- The staffing level in the FY 2019 Proposed Budget is 56 full-time positions, which is an increase of one (1) position compared to the FY 2018 approved level. Funding is provided for a new paralegal position (\$54,200) in order to meet the continued increase in MPIA requests and their complexity.
- The proposed FY 2019 compensation is increasing by \$387,900, or 7.8%, over the FY 2018 Approved Budget due to anticipated merit increases and cost-of-living adjustments (\$260,700), as well as an increase in funding for a vacant Administrative Assistant I/II position (\$73,000) to support the Administrative Review Committee (ARC) process.
- As of March 2018, the Office reported two (2) vacant full-time positions. The FY 2019 Proposed Budget includes funding for these positions. The vacant Investigator position will be replaced by the Administrative Assistant position.
- In FY 2018, the Office has one position, an Executive Administrative Aide, assigned to the Office of the County Executive. This assignment will continue in FY 2019.

Fringe Benefits

- Fringe benefit expenditures are proposed to increase by \$130,900, or 8.5%, above the FY 2018 Approved Budget due to the anticipated increase in compensation.
- A five-year trend analysis of fringe benefit expenditures is included below.

Fringe Benefits Historical Trend					
	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Estimated	FY 2019 Proposed
Fringe Benefit Expenditures	\$ 1,344,609	\$ 1,252,061	\$ 1,321,980	\$ 1,471,000	\$ 1,664,300
As a % of Compensation	28.5%	27.9%	28.8%	31.2%	31.2%
Annual % Change	4.2%	-6.9%	5.6%	11.3%	13.1%

Operating Expenses

- FY 2019 operating expenses are proposed at \$437,800 and are comprised of the following major items:
 - Office Automation \$183,700
 - General and Administrative Contracts 97,100
 - Miscellaneous 35,000
 - Training 28,000
 - Operating and Office Supplies 20,000

- Overall, operating expenses are decreasing by \$11,000, or 2.5%, below the FY 2018 Approved Budget. The accompanying table compares the FY 2019 Proposed Budget operating expenditures with the FY 2018 Approved Budget operating expenditures. FY 2019 Proposed Budget expenditures increase in six (6) categories compared to the FY 2018 Approved Budget. In one (1) of the categories, the FY 2019 Proposed Budget reduces planned spending from the FY 2018 Approved Budget. In five (5) of the categories, the FY 2019 proposed budget level remains unchanged.

Operating Objects	FY 2018 Budget	FY 2019 Proposed	FY 2018 - FY 2019	
			\$ Change	% Change
Periodicals	\$ 10,000	\$ 14,000	\$ 4,000	40.0%
Miscellaneous	31,500	35,000	3,500	11.1%
Printing	18,000	20,000	2,000	11.1%
Telephone	9,500	11,000	1,500	15.8%
Office and Operating Equipment Non-Capital	1,500	3,000	1,500	100.0%
General & Administrative Contracts	95,900	97,100	1,200	1.3%
Training	28,000	28,000	-	0.0%
Membership Fees	10,000	10,000	-	0.0%
Travel: Non-Training	800	800	-	0.0%
Mileage Reimbursement	15,200	15,200	-	0.0%
General Office Supplies	20,000	20,000	-	0.0%
Office Automation	208,400	183,700	(24,700)	-11.9%
TOTAL	\$ 448,800	\$ 437,800	\$ (11,000)	-2.5%

- The most significant increase between the FY 2019 Proposed Budget and the FY 2018 Approved Budget is in Periodicals (\$4,000 increase) to align with historical spending.
- The most significant dollar reduction between the FY 2019 Proposed Budget and the FY 2018 Approved Budget is in Office Automation (\$24,700 reduction) due to a change in methodology.

Recoveries

- FY 2019 proposed recoveries are \$2,892,800, a decrease of \$101,900, or 3.4%, below the FY 2018 approved budget level. The decrease is due to back filling positions at a lower salary rate. The following recoveries are for legal services provided by the Office to various agencies:

Recoveries for FY 2018 and FY 2019				
Description	FY 2018 Estimated	FY 2019 Proposed	Difference	Fund*
Department of Social Services	\$ 218,900	\$ 218,900	\$ -	STATE
Health Department	32,950	32,800	(150)	GF
Office of Central Services	178,660	191,400	12,740	CIP
Fire Department	32,950	32,800	(150)	GF
Housing Authority	39,540	39,360	(180)	GF
Department of the Environment	70,000	70,000	-	EF
Risk Management	2,181,400	2,307,640	126,240	IS
TOTALS	\$ 2,754,400	\$ 2,892,900	\$ 138,500	

*Type of Fund: General Fund (GF) and Internal Service (IS), Enterprise Fund (EF), and Capital Improvement Program (CIP)

Highlights

- During FY 2018, the Office of Law successfully partnered with multiple County agencies working in concert to address the numerous fire code violations at the Lynnhill Condominiums, resulting in the permanent closure of the building and relocation of all residents.
- Also during FY 2018, the Office coordinated efforts with Council and Executive staff to draft CB-115-2017, the RISE in Jobs First Act, which improved the procurement process and expanded opportunities for County businesses.
- In serving the County’s legal needs, the Office of Law manages and utilizes several legal services contracts in various areas of specialty. The Office reports that in FY 2018, approximately 24 legal services contracts are in place totaling \$923,041. These contracts support a variety of County agencies and are budgeted within the respective agencies where services are provided. Several vendors have multiple contracts with the County. Please see **Attachment 1**.
- Several legislative bills were being considered in the Maryland General Assembly 2018 Session that would have had an impact on the Office’s operations and finances. Please see Response #22, Page 10 of the FY 2019 Budget Review, First Round Questions. The following bill, which did not pass the Maryland General Assembly 2018 Session, was identified as having a potentially significant operational or fiscal impact on the Office of Law’s programs and operations:
 - HB 1270 which would have allowed Plaintiff’s attorneys who successfully prosecute Maryland Declaration of Rights cases brought in State Court to obtain an award of reasonable attorney’s fees from the Defendant(s). Therefore, in addition to being exposed to the damages claims for which the County is currently exposed, the County could have additionally been exposed to potentially large awards of attorneys’ fees. Currently, the County’s exposure to awards of attorney’s fees only arise under claims brought pursuant to federal law and typically in federal court. If the bill passed, the Risk Management fund would have been significantly impacted due to the increase in exposure to attorneys’ fees.
- The agency worked closely with administration officials to structure and assist in the issuance of the \$104 million in Certificates of Participation for the County’s new Regional Medical Center.
- The following table represents the category, number of active cases, and the estimated potential exposure from lawsuits not including projected attorney fees:

Category	March 2016		March 2017		March 2018	
	Number of Active Cases	Possible Loss Contingencies	Number of Active Cases	Possible Loss Contingencies	Number of Active Cases	Possible Loss Contingencies
Professional Liability	68	\$ 4,828,740	72	\$ 16,091,234	51	\$ 2,960,000
General Liability	23	55,000	17	205,000	11	65,000
Vehicle Liability	19	197,931	19	280,708	26	755,877
Employment	3	300,000	6	180,000	10	170,000
Miscellaneous	4	-	8	-	12	-
TOTAL	117	\$ 5,381,671	122	\$ 16,756,942	110	\$ 3,950,877

Attachments: **Attachment 1 –Legal Services Contracts**

VENDOR	CONTRACT SERVICE/CASE	FY18 CONTRACT
Alexander & Cleaver	Representative for MD Public Service Commission	\$85,000
Augustine, Malcolm	WMATA/WSTC	\$75,000
Best, Best & Krieger	Comcast Cable Franchise	\$84,000
Camp, Marva Jo	CCOP	\$25,000
Carl A. Harris & Associates	County Transfer & State Recordation Tax	\$50,000
Carl A. Harris & Associates	Tax Sale Foreclosure & Treasury	\$10,000
Carl A. Harris & Associates	Property Tax Collection	% of Collections
Davis, Emerson	Board of Appeals	\$19,200
Karpinski, Colaresi & Karp	Jacobs v. BOE	\$30,000
Kelsey Law Firm	DSS	\$62,700
Leftwich LLC	Human Relations Commission	\$25,000
Marks, Isaac	Towing Hearing Officer	\$46,500
Marks, Isaac	Redevelopment Authority	\$90,000
McGuire Woods, LLP	County Waste	\$35,000
McNamee & Hosea	Bankruptcy Proceedings	\$15,000
Meyers, Rodbell & Rosenbaum	Bankruptcy	% of Collections
Mike McAuliffe	Morgan v. PGC	\$20,000
Miles & Stockbridge, P.C.	County Ethics Investigation	\$15,000
Napoli Shkolnik, PLLC	Opioid Litigation	% of Collections
Robinson & Geraldo	Personnel Board Counsel	\$27,400
Shiple & Horne	Historic Reservation Committee	\$25,000
Venable	Labor Interest & Arbitration	\$150,000
Lexis Nexis	Publishing	\$26,412
West Publishing	Publishing	\$6,829