



THE PRINCE GEORGE'S COUNTY GOVERNMENT

Office of Audits and Investigations

May 2, 2019

M E M O R A N D U M

TO: Derrick L. Davis, Chair
Government Operations and Fiscal Policy Committee (GOFP)

THRU: David H. Van Dyke, County Auditor *DHV*
Turkessa M. Green, Deputy County Auditor *JM*

FROM: Nana Boadu, Staff Auditor *NB*

RE: Office of Law
Fiscal Year 2020 Budget Review

Budget Overview

The FY 2020 Proposed Budget for the Office of Law is \$4,679,400, an increase of \$135,800, or 3.0%, over the FY 2019 Approved Budget. This increase is largely due to the creation of a new Attorney 4G position. The Office of Law expenditures are funded entirely by the General Fund, other than the Recoveries.

Budget Comparison - General Fund

Approved Fiscal Year 2019 to Proposed Fiscal Year 2020

Category	FY 2018 Actual	FY 2019 Approved	FY 2019 Estimated	% Change - Est vs App	FY 2020 Proposed	\$ Change	% Change
Compensation	\$ 4,858,826	\$ 5,334,400	\$ 4,924,000	-7.7%	\$ 5,749,500	\$ 415,100	7.8%
Fringe Benefits	1,382,683	1,664,300	1,397,400	-16.0%	1,707,600	43,300	2.6%
Operating Expenses	446,361	437,800	442,100	1.0%	497,000	59,200	13.5%
Sub-Total	\$ 6,687,870	\$ 7,436,500	\$ 6,763,500	-9.0%	\$ 7,954,100	\$ 517,600	7.0%
Recoveries	(2,929,080)	(2,892,900)	(2,745,700)	-5.1%	(3,274,700)	(381,800)	13.2%
Total	\$ 3,758,790	\$ 4,543,600	\$ 4,017,800	-11.6%	\$ 4,679,400	\$ 135,800	3.0%

Authorized Staffing Count - General Fund

	FY 2019 Approved	FY 2020 Proposed	Change Amount	Percentage Change
Full-Time	56	57	1	1.8%
Total	56	57	1	1.8%

Staffing Changes and Compensation

- The staffing level in the FY 2020 Proposed Budget is 57 full-time positions, which is an increase of one (1) position compared to the FY 2019 approved level. Funding is provided for a new Attorney 4G position for the Legislative Unit.
- The Proposed FY 2020 compensation is increasing by \$415,100, or 7.8%, over the FY 2019 Approved Budget due to anticipated merit increases and cost-of-living adjustments (\$300,100), as well as an increase in funding for the new position (\$115,000).
- As of March 2019, the Office reported four (4) vacant full-time positions. The Office reported that it is actively recruiting for all four (4) positions. The FY 2020 Proposed Budget includes funding for these positions.
- In FY 2019, the Office has two (2) Attorney III positions assigned to other County agencies. One is assigned to the Office of the County Executive and the other is assigned to the Police Department. These assignments are likely to continue in FY 2020.
- The Office reported that its current rate of attrition is 10.7%. The Office cites the key factors contributing to the current attrition level are staff retirement and the resignation of staff seeking more lucrative opportunities.
- The following table provides the Office's rate of attrition for the last five fiscal years.

Attrition Rate - Historical Trend					
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019 (YTD)
# of Resignations	3	8	7	4	6
# of Authorized Positions	54	54	55	55	56
Rate of Attrition	5.6%	14.8%	12.7%	7.3%	10.7%

Source: Responses to 1st Round Questions provided to A&I during respective budget reviews.

Fringe Benefits

- Fringe benefit expenditures are proposed to increase by \$43,300, or 2.6%, above the FY 2019 Approved Budget due to the anticipated increase in compensation and the new position.

- A five-year trend analysis of fringe benefit expenditures is included below.

Fringe Benefits Historical Trend					
	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimated	FY 2020 Proposed
Fringe Benefit Expenditures	\$ 1,252,061	\$ 1,321,980	\$ 1,382,683	\$ 1,397,400	\$ 1,707,600
As a % of Compensation	27.9%	28.8%	28.5%	28.4%	29.7%
Annual % Change	-6.9%	5.6%	4.6%	1.1%	22.2%

Operating Expenses

- FY 2020 operating expenses are proposed at \$497,000 and are comprised of the following major items:
 - Office Automation \$229,200
 - General and Administrative Contracts 98,700
 - Miscellaneous 35,000
 - Training 28,000
 - Mileage Reimbursement 24,000
- Overall, operating expenses are increasing by \$59,200, or 13.5%, over the FY 2019 Approved Budget. The accompanying table compares the FY 2020 Proposed Budget operating expenditures with the FY 2019 Approved Budget operating expenditures. FY 2020 Proposed Budget expenditures increase in five (5) categories compared to the FY 2019 Approved Budget. In one (1) of the categories, the FY 2020 Proposed Budget reduces planned spending from the FY 2019 Approved Budget. In six (6) of the categories, the FY 2020 proposed budget level remains unchanged.

Operating Objects	FY 2019 Budget	FY 2020 Proposed	FY 2019 - FY 2020	
			\$ Change	% Change
Office Automation	\$ 183,700	\$ 229,200	\$ 45,500	24.8%
Mileage Reimbursement	15,200	24,000	8,800	57.9%
Membership Fees	10,000	15,000	5,000	50.0%
General & Administrative Contracts	97,100	98,700	1,600	1.6%
Telephone	11,000	12,000	1,000	9.1%
Miscellaneous	35,000	35,000	-	0.0%
Printing	20,000	20,000	-	0.0%
Office and Operating Equipment Non-Capital	3,000	3,000	-	0.0%
Training	28,000	28,000	-	0.0%
Travel: Non-Training	800	800	-	0.0%
General Office Supplies	20,000	20,000	-	0.0%
Periodicals	14,000	11,300	(2,700)	-19.3%
TOTAL	\$ 437,800	\$ 497,000	\$ 59,200	13.5%

- The most significant increase between the FY 2020 Proposed Budget and the FY 2019 Approved Budget is in Office Automation (\$45,500 increase) due to an increase in Office of Information Technology charges and to purchase a laptop bundle & legal files for the new Attorney position.
- The only dollar reduction between the FY 2020 Proposed Budget and the FY 2019 Approved Budget is in Periodicals (\$2,700 reduction) to align with actual costs.

Recoveries

- FY 2020 proposed recoveries are \$3,274,600, an increase of \$381,800, or 13.2%, above the FY 2019 approved budget level. The increase is due to an increase related to salary and fringe benefit adjustments. The following recoveries are for legal services provided by the Office to various agencies:

Recoveries for FY 2019 and FY 2020				
Description	FY 2019 Estimated	FY 2020 Proposed	Difference	Fund*
Department of Social Services	\$ 218,900	\$ 218,900	\$ -	STATE
Health Department	32,800	32,400	(400)	GF
Office of Central Services	187,000	199,200	12,200	CIP
Fire Department	32,800	32,800	-	GF
Housing Authority	39,300	38,900	(400)	GF
Department of the Environment	70,000	70,000	-	EF
Risk Management	2,164,900	2,682,400	517,500	IS
TOTALS	\$ 2,745,700	\$ 3,274,600	\$ 528,900	

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

Highlights

- During FY 2019, the Office of Law completed the negotiation and purchase of 26 properties and leases in Suitland, Maryland on behalf of the Revenue Authority, which enabled the Revenue Authority to commence demolition of the Suitland Shopping Center and construction of the new Suitland Federal Towne Square Project.
- During FY 2019, the Office also drafted and presented legislation, CB-10-2018 and CB-11-2018, to the County Council regulating short-term rentals in the County.
- The Office also reported that it assisted M-NCPPC in obtaining certiorari to the Supreme Court of the U.S. in a case challenging the constitutionality of maintenance funding by M-NCPPC for the Peace Cross at Bladensburg crossroads.
- 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 2019, approximately 21 legal services contracts are in place totaling \$1,223,949. 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 2019 Session that would have had an impact on the Office's operations and finances. Please see Response #1, Page 1 of the FY 2020 Budget Review, Second Round Questions. The following bill, which passed, was identified as having a potentially significant operational or fiscal impact on the Office of Law's programs and operations:
 - HB679: The State law amends the State's anti-discrimination law by expanding the definition of employee to include personal staff of elected officials and independent contractors. Generally, litigation expenses and liability for employment matters are assessed directly against the applicable agency/department and not the Risk Management Fund. To the extent that the law may apply to the County, litigation costs and liability provisions could increase.
- The Office of Law reported that it continues to experience rising demands in transactional reviews, code violations, social service matters, and Maryland Public Information Act (MPIA) requests.
- The Office is also reporting an increase in workers' compensation appeals, which have also greatly impacted demands on the Office's staff. The Office also notes that, during FY 2019 the County's third-party claims administrator has not adequately supported the Office's workers' compensation cases, resulting in increased pay-outs of workers' compensation claims.
- The Office of Law has also pursued and resolved three (3) bond defaults in FY 2018 and FY 2019. Two matters had to be returned to the Department of Permitting, Inspections, and Enforcement (DPIE) because information was missing. They were not returned to the Office for further action.
- The following table represents the category and the estimated potential exposure from lawsuits not including projected attorney fees:

Category	March 2017	March 2018	March 2019
	Possible Loss Contingencies	Possible Loss Contingencies	Possible Loss Contingencies
Professional Liability	\$ 16,091,234	\$ 2,960,000	\$ 3,340,000
General Liability	205,000	65,000	220,000
Vehicle Liability	280,708	755,877	1,277,724
Employment	180,000	170,000	1,185,000
Miscellaneous	-	-	55,000
Condemnation	-	-	-
Subrogation	-	-	15,000
Forfeiture	-	-	50,000
TOTAL	\$ 16,756,942	\$ 3,950,877	\$ 6,142,724

Attachment 1

VENDOR	CONTRACT SERVICE/CASE	CONTRACT AMOUNT	FUNDED BY
Augustine, Malcolm	Legislative Advice	\$40,000	NON-D
Alexander & Cleaver	Representative for MD Public Service Commission	\$65,000	NON-D
Augustine, Malcolm	WMATA/WSTC	\$37,500	DPW&T
Best Best & Krieger LLP	Comcast Cable Franchise & Transfer Services	\$114,000	OIT
Camp, Marva Jo	Citizen Complaint Oversight Panel/CCOP	\$20,000	CCOP
Carl A. Harris & Associates	County Transfer & State Recordation Taxes	\$50,000	NON-D
Carl A. Harris & Associates	Tax Sale Foreclosure & Treasury Matters	\$10,000	FINANCE
Carl A. Harris & Associates	Property Tax Collection	% of Collections	N/A
Clark Hill Strasburger	Bankruptcy Court Filings	\$15,000	NON-D
Emerson Davis, Sr.	Board of Appeals	\$19,200	COUNCIL
Ethridge, Quinn, Kemp, McAuliffe, Rowan & Hartinger	<i>Morgan v. PGC</i>	\$20,000	RISK MGMT
Jackson & Associates	Towing Hearing Officer	\$23,250	DOE
Whiteford, Taylor & Preston	Redevelopment Authority	\$45,000	REDEV AUTH/
Kaprinski, Colaresi & Karp	<i>Jacobs v. BOE</i>	\$30,000	RISK MGMT
Kaprinski, Colaresi & Karp	<i>Watkins v. Walker</i>	\$30,000	RISK MGMT
Leftwich & Ludaway	Human Relations Commission	\$30,000	HRC
Robinson & Geraldo	Personnel Board Counsel	\$28,000	PERS BD
Shipley & Horne (Bradley Farrar)	Historic Preservation Comm.	\$25,000	NON-D
Venable LLP	Labor Interest & Arbitration	\$50,000	NON-D
Venable LLP	Discrimination lawsuit-Police Dept	\$500,000	POLICE
Wood Law Firm	Conflict Counsel	\$71,999	HRC
TOTAL		\$1,223,949	