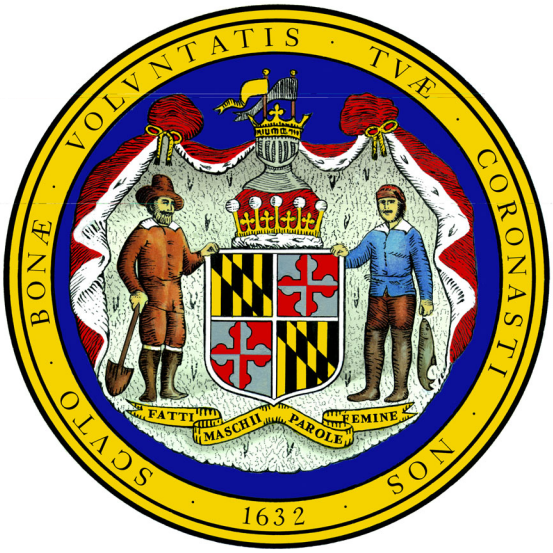
# Report of the Commission on the Structure and Efficiency Of State Government




Marvin Mandel, Chairman

December 8, 2003

STATE OF MARYLAND

December 8, 2003

The Honorable Robert L. Ehrlich, Jr.
Governor of Maryland
Statehouse
Annapolis, MD 21401

Dear Governor Ehrlich:

I am pleased to present to you the Report of the Commission to Study the Structure and Efficiency of State Government. This report represents the culmination of much work by the commission that you appointed. These members brought to the Commission's work extensive backgrounds and experience in business, state and local government, the legal profession, public safety, and labor. This Commission examined several dozen state agencies, their operations, and structure. It has produced recommendations for more than fifty agencies, programs, and functions that are contained in this report.

The Commission concentrated its examination of agencies and programs into four areas: environmental programs, State law enforcement agencies, adjudicatory agencies in the Executive branch of State government, and independent agencies. In the course of its review the Commission also identified problem areas that affect many state agencies. The Commission made several statewide recommendations pertaining to such areas. These recommendations are contained in the attached report.

On behalf of the members of the Commission, I want to express to you that we were honored to bring our various perspectives to bear to assist you in examining how agencies are structured, and to find efficiencies in State government operations so that these operations will be improved and serve the public better. Also, I wish to express to you on behalf of the Commission our thanks for the cooperation and assistance rendered by the members of your staff and staff from the Department of Budget and Management who were assigned to support our efforts.

Sincerely yours,

Marvin Mandel
Chairman

**MEMBERS OF THE COMMISSION ON THE STRUCTURE AND EFFICIENCY OF STATE GOVERNMENT**

The Honorable Marvin Mandel, Chairman

The Honorable James M. Harkins

Douglas Deleaver

Richard J. Graham, Jr.

Luisa Heredia-Sauseda

Clay B. Stamp

The Honorable John C. Astle

Lawrence J. Hogan, Sr.

Paul W. Comfort

T. Eloise Foster

Louise Lake Hayman

Raymond C. Nichols

The Honorable Donald F. Munson

O. James Lighthizer

Wendell R. Beitzel

Allen W. Cartwright, Jr.

Michael C. Henderson

Adrienne L. Ottaviani

The Honorable George C. Edwards

The Honorable W. Clay Martz, II

Kevin M. Garvey

John K. Phoebus

Robert N. Santoni, Sr.

Denis J. Taylor

The Honorable John L. Bohanan, Jr.

## Committee Assignments

Governor Marvin Mandel, the Chair of the Commission, assigned members to the following committees to organize the work of the Commission:

**Committee to Evaluate Agencies Managing Environmental Issues**

O. James Lighthizer, Chair
Wendell R. Beitzel
Allen W. Cartwright, Jr.
Delegate George C. Edwards
Michael C. Henderson
Adrienne L. Ottaviani

**Committee to Evaluate Law Enforcement Agencies**

Hon. James M. Harkins, Chair,
Senator John C. Astle
Douglas DeLeaver
Richard J. Graham, Jr.
Luisa Heredia-Sauesda
Clay B. Stamp

**Committee to Evaluate Agencies with Adjudicatory Functions**

Hon. W. Clay Martz, II, Chair
Delegate John L. Bohanan, Jr.
Kevin M. Garvey
John K. Phoebus, Esquire
Robert N. Santoni, Sr.
Denis J. Taylor

**Committee to Evaluate Independent Agencies**

Lawrence J. Hogan, Sr., Chair
Paul W. Comfort, Esquire
T. Eloise Foster
Louise Lake Hayman
Senator Donald F. Munson
Raymond C. Nichols

# Staff to the Commission

**Staff to the Full Commission**

Donna Walsh, Special Assistant to Governor Mandel
David A. Treasure, Staff Director
Patrick Miller
Patricia MacDonald

**Staff to the Committee to Evaluate Agencies Managing Environmental Programs**

Laura Hilden

**Staff to the Committee to Evaluate Law Enforcement Agencies**

Teddy Calabrese

**Staff to the Committee to Evaluate Adjudicatory Agencies**

Carl DeLorenzo

**Staff to the Committee to Evaluate Independent Agencies**

Victoria Barron

## Liaisons to the Commission from the Governor's Office

**Committee to Evaluate Agencies Managing Environmental Issues**

Paul Schurick, Director, Governor's Office of Communications
Bernard Marczyk, Governor's Office of Policy

**Committee to Evaluate Law Enforcement Agencies**

Jervis Finney, Esquire, Chief Counsel to Governor
Ken Ziegler, Assistant to Governor on Public Safety

**Committee to Evaluate Agencies with Adjudicatory Functions**

James Fielder, Secretary Department of Labor, Licensing, and Regulation
Kenneth Masters, Governor's Chief Legislation Officer.

**Committee to Evaluate Independent Agencies**

Joseph Getty, Director. Governor's Office of Policy
Edward McDonald, Deputy Chief of Staff
Tim Braue, Governor's Appointments Office

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# Executive Summary

## Commission on the Structure and Efficiency of State Government

### COMMISSION'S PURPOSE

Through Executive Order 01.01.2003.21 Governor Robert L. Ehrlich, Jr. created the Governor's Commission on the Structure and Efficiency of State Government (the Commission) to examine and make recommendations concerning State government operations and the reorganization of independent agencies and commissions within State government so that State government may provide necessary services to all Marylanders as effectively and economically as possible. To complete this task, the Commission was to evaluate independent State programs and agencies and recommend to the Governor the elimination, consolidation, or streamlining of programs and agencies. The Commission was also to examine and analyze staffing patterns in state agencies and recommend changes that would lead to the elimination of wasteful practices and duplication of services.

### COMMISSION'S REVIEW PROCESS

Governor Ehrlich appointed 25 members to the Commission including two members from the Maryland Senate and two members from the Maryland House of Delegates. The Governor also designated former Governor Marvin Mandel as the chairperson of the Commission. Governor Mandel, acting as chairperson of the Commission, appointed members to four committees to examine particular areas of state government operation: the Committee to Evaluate Independent Agencies; the Committee to Evaluate Adjudicatory Agencies; the Committee to Evaluate Law Enforcement Agencies; and the Committee to Evaluate Environmental Agencies. Governor Mandel appointed the following Commission members to be chairpersons of these committees: Larry Hogan, Sr., Independent Agencies; Clay Martz, Adjudicatory Agencies; James Harkins, Law Enforcement Agencies; and James Lighthizer, Environmental Agencies. Staff from the Department of Budget and Management was provided for each committee and for the Commission as a whole. This committee structure has been used to organize this report.

The Commission met first on August 20, 2003 and was given approximately four months to complete its reviews. Each committee was delegated responsibility for organizing its work and reviews. Committees typically met weekly or every other week to interview officials from state agencies and other interested parties, to review background materials and to discuss their findings.

The Commission held two public hearings, one on October 23, 2003 and another to consider comments on its draft report on November 13, 2003.

The Commission in this short time found many issues on which it made recommendations. It identified many other issues that it could not fully evaluate in the time allotted. The Commission recommended in many cases further study of such issues.

The Commission met on December 2, 2003 and adopted this report.

## RECOMMENDATIONS OF COMMITTEE ON ENVIRONMENTAL AGENCIES

The Scope of the Committee to Evaluate Agencies Managing Environmental Issues was all environmental programs and management structures. Because of the diversity of programs, the Committee identified eight topics to examine. Of these, the Committee focused on Chesapeake Bay restoration and identified seven other issues that deserve more detailed analysis.

### ❑ Bay Governance

Maryland has amassed enormous knowledge and scientific understanding of the Chesapeake Bay. Although there has been some success in restoring the Bay and extensive State and Federal policy-making and funding resources are at our disposal, the desired results are not being achieved. The challenge now is to lead and manage. The goal of these recommendations is to set up a management structure that will facilitate achieving Bay restoration goals. **To this end the Commission has the following recommendations:**

- Create a Bay Coordinator in the Governor's office to coordinate Bay policy and program activities among Departments with Bay responsibilities. The Bay Coordinator shall have the full support and authority of the Governor and will be accountable to the Governor for implementation of Chesapeake Bay policy.

- Reconstitute the Bay Cabinet through a new Executive Order.

  - The Bay Coordinator should chair the Bay Cabinet.
  - The Bay Cabinet should be expanded to include the Secretary of Budget and Management and the Director of the Governor's Washington Office.
  - The Bay Cabinet should seek input from local government and local government organizations such as the Maryland Association of Counties and the Maryland Municipal League.
  - The Bay Cabinet should prepare with the approval of the Governor an annual Bay Budget and a unified Bay legislative agenda.

- The Bay Cabinet should work with the agricultural community and in partnership with farmers.
- Make sound science the basis of decision-making.
- Maryland should lead interstate partners on Bay restoration efforts.

- **Power Plant Research Program**
  - The Department of Budget and Management should perform a comprehensive study of the Power Plant Research Program. The study should include an assessment of fund sources, a zero-based budget, and an assessment of the scope of activities and activity level. The study should also include recommendations on whether the program is needed and if it is, what is the appropriate activity level for the Power Plant Research Program and for the use of remaining special funds.

- **Maryland Energy Administration**
  - The appropriate placement of the Maryland Energy Administration's programs should be studied, including placing programs in the Department of General Services, Planning, Housing and Community Development, or Natural Resources and including whether the Maryland Energy Administration should continue as an independent agency.
  - Statewide energy policy should be revised and the State's energy programs should be aligned to support the revised statewide energy policy.

- **Lead Poisoning Prevention Programs**
  - The Secretaries of Environment and Health and Mental Hygiene should study the proposal to move the Department of the Environment's lead poisoning prevention duties to the Department of Health and Mental Hygiene.
  - The three agencies that currently manage the program should work to improve coordination, possibly through the use of a centralized coordinator.

- **Radiological Health Program**
  - The Commission recommends that the Secretaries of Environment and Health and Mental Hygiene study the proposal to move the Radiological Health Program from the Department of the Environment to the Department of Health and Mental Hygiene.

- **Forestry Programs**
  - The Secretaries of Natural Resources and Agriculture should study the proposal to move the private and commercial forestry programs in the Maryland Forest Service from the Department of Natural Resources to the Department of Agriculture. This program is separate from the State Forest and Park Service, which administers State forest lands, and which should stay in the Department of Natural Resources.

- **Conservation Reserve Enhancement Program**
  - The Secretaries of Natural Resources and Agriculture should study the proposal to move the Conservation Reserve Enhancement Program from the Department of Natural Resources to the Department of Agriculture.

- **Planning and Smart Growth**
  - On October 9, 2003, Governor Ehrlich signed the Priority Places Strategy Executive Order that offers a refocused policy for land use. The Priority Places Strategy creates planned growth goals for the State departments that sit on the Smart Growth Sub-Cabinet. The Priority Places Strategy should be closely monitored, as it develops to ensure these goals are met.

## RECOMMENDATIONS OF COMMITTEE ON STATE LAW ENFORCEMENT AGENCIES

The Scope of the Committee to Evaluate Law Enforcement Agencies was State level law enforcement's police forces and management structures. The Committee discussed the current police structures with police forces, labor organizations, and experienced State, local and Federal employees that have broad knowledge of law enforcement.

- **Statewide Recommendations to Improve Efficiency in State Law Enforcement**

  - **Procurement** – Currently State funded police forces are severely limited in their ability to participate in group purchasing of equipment.
    - Currently, State law prohibits State agencies from participating in Federal contracts, unless the purchase exceeds a $250,000 threshold. The Commission recommends the elimination of the $250,000 restriction on procurement participation in Federal contracts.
    - The Commission suggests that policies be created that require police agencies to work together to standardize equipment and to save money through participation in group purchasing.

  - **Communications** – During the course of the Commission's evaluation of the State's law enforcement agencies, there was a common issue raised concerning communication and interoperability between police agencies.
    - The Commission recommends that the State renew and reenergize its commitment to building a statewide radio system that would allow police, fire and emergency medical personnel from varying jurisdictions to communicate. This effort should be completed in partnership with local and municipal governments.
    - The Commission recommends empowering and expanding the current Statewide Communications Infrastructure Committee. The Law Enforcement Committee recommends this Infrastructure Committee be supported and that it continue to move ahead with the partnerships of local and Federal governments to maximize the State's ability to have effective law enforcement communications.
    - The Commission recommends continuing movement toward standardization of information technology systems among State policing organizations.

  - **Training** – While the Maryland Training Commission has done an excellent job in supporting law enforcement efforts to improve overall training, standards for training vary widely among police agencies.

- Noting the effectiveness of the Maryland Police Training Commission in performance of its mission, the Commission members saw no immediate need to reorganize the Training Commission.
- The Commission supports maximum utilization of the State Training Facility at Sykesville. The Commission believes that increasing the number of recruits that share basic training experiences and standards will improve the long-term coordination of police services.

➢ **Coordination**–The Commission recommends that consideration be given to establishing a "State Law Enforcement Coordinating Council".

❑ **Natural Resources Police and Forest and Park Service Rangers**

➢ The Commission recommends a consolidation of the State Forest and Park Service Rangers and the Natural Resources Police within the Department of Natural Resources.

➢ The Commission supports the elimination of the requirement that Park Managers be sworn officers.

➢ The Commission recommends that a goal of this consolidation be that Rangers and Natural Resources Police officers be responsible for law enforcement in State parks while civilian employees take on operational responsibility for the parks.

➢ The Commission recommends that during this restructuring of DNR police services, Rangers be grandfathered in at their current salary level, and that the changes in job classifications be achieved through attrition as officers leave the forces or retire.

❑ **State Facility Security and Police Forces**

Currently, 16 separate police forces carry out State facility security functions. Only one of these forces has more than 11 police officers that have Maryland Police Training Commission Certification. These police forces carry out the same type of functions and most are employed by an agency that does not specialize in law enforcement.

➢ The Commission recommends a consolidation of police forces currently existing in the Department of General Services, the Department of Labor, Licensing and Regulation, the Department of Health and Mental Hygiene, Maryland Public Broadcasting Commission and the Maryland State Department of Education. These police forces would all be consolidated under the Department of General Services because of the agency's current structure and the sizable number of security and police guards it currently has employed.

➢ The Department of General Services should develop a mission statement for global security and policing of State facilities that establishes a minimum set of security and policing standards to maintain a high quality level of service to the State of Maryland.

❑ **Transportation Police**

There are currently three police forces within the Maryland Department of Transportation: the Maryland Transportation Authority Police (MdTA), the Maryland Transit Administration Police (MTA) and the Motor Vehicle Administration (MVA).

- The Commission recommends a consolidation of the MdTA Police, MTA Police, and MVA Police within the Department of Transportation. There are currently many areas of coordination where the agencies work together and have a strong working relationship. This consolidation will increase transportation law enforcement efficiency in the State of Maryland.

- **University System of Maryland Police**

  Currently all schools in the University System of Maryland (USM) have separate university police forces with no relation to one another. Each university in the USM has its own police force with different uniforms, cars, radios, weapons, level of training, and chiefs.

  - The Commission recommends a consolidation of University police forces throughout the State.
    - All police forces that are in the University System of Maryland are recommended for consolidation.
    - The police forces of Saint Mary's College of Maryland and Morgan State University are encouraged to consolidate with the USM police force.

## RECOMMENDATIONS OF COMMITTEE ON ADJUDICATORY AGENCIES

The scope of the Committee to Evaluate agencies with Adjudicatory Functions was to perform an independent philosophical and structural analysis of the assigned agencies. Through agency testimony and the Committee's collective experience, it targeted its recommendations to improve the policy and structural soundness of adjudicatory functions within State government. The Committee affirmed its findings by studying caseload management, average costs per case, mediation efforts, the need for specialization, and the most efficient and legally appropriate manner in which to deliver these judicial services to the citizens of Maryland.

- **Office of Administrative Hearings**
  - The Commission recommends that the Motor Vehicle Administration offer licensees who have been convicted of alcohol-related driving violations the option of requesting a work-restricted license via the mail with adequate proof of need instead of requesting a hearing before the Office of Administrative Hearings.
  - The Commission recommends that the fee for the Motor Vehicle Administration and Child Abuse hearings be increased from $15 to $30.
  - The Commission recommends instituting a $100 appeal fee for professional licensing cases.
  - The Commission recommends that Administrative Law Judges have the discretion to assess "hearing costs" upon appellants who are unsuccessful in their appeals as an additional method of recouping the cost of a case.
  - The Commission recommends granting the Office of Personnel Services and Benefits final decision-making authority to resolve employee grievances.
  - The Commission recommends modifying the employee grievance process to eliminate immediate appeals where the employee is not at risk of losing time or pay.

- **Department of Budget and Management Office of Personnel Services and Benefits**
  - The Commission recommends the deployment of an off-the-shelf Human Resource Information System that serves the entire workforce.

- **Maryland State Board of Contract Appeals**
  - The Commission recommends that the Maryland State Board of Contract Appeals be eliminated and the functions of this agency be shifted into the Judiciary.

- **Maryland Tax Court and Property Tax Assessment Appeals Board**
  - The Commission recommends requiring all appeals involving non-residential property in which the property is assessed at $5 million or higher to be appealed directly to the Maryland Tax Court, without first going through a Property Tax Assessment Appeals Board.
  - The Commission recommends requiring all appeals in which the income-expense method is the sole method used for valuation of the property in question be appealed directly to the Maryland Tax Court, without first going through a Property Tax Assessment Appeals Board.
  - The Commission recommends setting a 180-day timeframe in which all cases brought before the Maryland Tax Court and the Property Tax Assessment Appeals Board should be heard and decided. This effort will ensure an accountability standard that these agencies must meet and will better serve the citizens.

- **Office of the Public Defender**
  - The Commission recommends that judges be encouraged to assess reasonable court costs in all appropriate cases and to remind defendants of their obligation to pay the $50 application fee**.**

- **Public Service Commission**
  - The Commission recommends further study of the possibility of transferring the enforcement of vehicle inspections, insurance requirements, and driver safety from the Public Service Commission to the Motor Vehicle Administration.
  - The Commission recommends further study of how deregulation will affect the duties and operation of the Public Service Commission.

- **Workers' Compensation Commission**
  - The Commission recommends that a study commission be formed to examine both the financial impact of Maryland's Workers' Compensation law on the State, business, and workers and the best practices in adjudicating workers' compensation claims.

  - The Commission recommends that the Workers' Compensation Commission transfer its power over self-insured entities to the Maryland Insurance Administration.

## RECOMMENDATIONS OF COMMITTEE ON INDEPENDENT AGENCIES

The Independent Agencies Committee conducted structural evaluations of independent agencies to determine whether an independent agency did indeed function as effectively as possible in its current incarnation or whether the agency and the State as a whole would benefit from consolidation with another entity or the elimination of the agency. After determining the proper location of an agency, the Committee assessed efficiency issues.

- **Maryland Insurance Administration**
  - The Commission recommends that the Maryland Insurance Administration (MIA) remain for now as an independent agency to focus on administering and regulating the area of insurance.
  - A study should be performed of MIA, the Department of Labor, Licensing, and Regulation and the Workers' Compensation Commission since each maintains separate personnel and operations where similar needs could be combined. There appears to be an opportunity for greater efficiencies through combining certain support functions including human resources, information technology support, through sharing facilities such as hearing rooms, procurement, and cross-training in some financial regulatory functions while allowing these agencies to maintain their current independence.
  - MIA should continue to explore, enhance, and whenever practical, invest in additional technology based systems and evaluate opportunities for savings.
  - An evaluation should be conducted to determine the best location from which to administer oversight for the Maryland Health Care Commission and the Maryland Health Insurance Plan.

- **State Lottery Agency**
  - At this time, there is no apparent benefit to be gained from placing the State Lottery Agency under the jurisdiction of another agency, since its mission, functions and responsibilities are different in kind from the missions and functions of other State agencies.
  - In the event that slots or other gambling legislation is enacted, it is recommended that a State gaming commission should be created with significant powers to provide structure and oversight for gaming responsibilities for both the statewide lottery and State operated slots operations.

  - The Commission recommends several actions to improve the operation and accountability of the Lottery:
    - Create an audit committee with an auditing function interacting with the agency, but with direct reporting to the State Lottery Commission.
    - Appoint an internal auditor as a part of management, but with final accountability to the audit committee and to the Commission Chairman.
    - The agency should utilize a compliance officer, particularly to review contracting with third parties, to ensure that State policies and procedures are strictly followed.
    - Strengthen the position of the security officer and establish a dialogue and regular liaison and a relationship with the Maryland State Police to improve security and to react to theft or any defalcation or abuse that is uncovered.

- **State Retirement and Pension System of Maryland**
  - The Commission recommends that the State Retirement Agency (SRA) obtain approval to engage a nationally recognized consulting firm to conduct a major study to analyze the Retirement System's strengths, weaknesses, opportunities, and threats and make recommendations on the development and implementation of a modern technology system to support the Retirement System's needs.
  - Consider outsourcing certain functions and duties where appropriate, as has been done for the management of investments, while maintaining adequate control and oversight authorities.

- **Maryland Supplemental Retirement Plans**
  - The Commission recommends that the consultant analyzing SRA also review the Maryland Supplemental Retirement Plans and the possibility of combining it with SRA. However, any such action should be postponed until SRA addresses and solves certain, major staffing, organizational and operating issues.

- **Maryland Stadium Authority and the Inter-Agency Committee for Public School Construction**
  - The Maryland Stadium Authority should be renamed as the State Construction Management Authority to reflect how its mission has expanded to include the management of many significant construction projects for the State.
  - The Commission recommends consolidating the Interagency for Public School Construction into this newly named State Construction Management Authority. This merger will allow the construction expertise of the Stadium Authority to be made available to the school construction process. Such expertise should improve the design and execution of school construction projects and lead to considerable savings.
  - The convention facilities in Ocean City and Baltimore City, which are under the Stadium Authority's jurisdiction operate at deficits and require a significant expenditure of the Authority's funds. If feasible, these facilities should be transferred completely to the jurisdiction where they are located. Otherwise, these functions should be transferred to the Department of Business and Economic Development.

- **Subsequent Injury Fund Board and the Uninsured Employers' Fund Board**
  - The Commission recommends that the Subsequent Injury Fund and the Uninsured Employers' Fund consolidate their operations into a singular physical location and utilize certain equipment and staff members to a greater level of efficiency, but that the funds should remain separate entities.
  - The Commission recommends further study to determine whether one board could preside over both funds or whether one director could preside over both funds, and still maintain the independence and integrity of the funds.

- **Health Claims Arbitration Office**
  - The Commission recommends that the Health Claims Arbitration Office be abolished. While it appears that the agency is run in an efficient manner, the ability of parties to

waive the arbitration process has diminished significantly the effectiveness of this agency.

- **Canal Place Preservation and Development Authority**
  - A plan should be developed to phase-out State involvement in Canal Place at some point in the future, after the infrastructure is completed. The General Assembly should review annually the appropriation for Canal Place and the plan for phase-out.
  - If it is determined that Canal Place should remain a State entity but not an independent one, consideration should be given to merging Canal Place with the Department of Business and Economic Development (DBED) because DBED's primary mission involves tourism and economic development.

- **Maryland Higher Education Commission**
  - It is recommended that a thorough study of higher education be conducted by a blue ribbon task force consisting of efficiency experts and individuals with business experience as well as educators. This task force should revisit studies previously made of Maryland's higher education system. The study should cover all aspects of post-secondary education and the bureaucracies that administer it and should have a particular focus on making higher education more efficient and should consider ways to simplify governance structures.
  - The Board of Regents of the University System of Maryland should continue its aggressive study of all the institutions in the University System of Maryland to improve the education being delivered. The Board of Regents has created as a vehicle for such study, the Committee on Effectiveness and Efficiency, chaired by the Board's chairman. Since the charge of this committee is to study the University System of Maryland, it is recommended that the committee include the following items in its study and report on these items within six months to the Secretary of Budget and Management.
    - Examining the relatively high cost of public higher education in Maryland to find ways to reduce costs and avoid tuition increases;
    - Application of business management techniques to identify inefficiencies and waste; and
    - Savings opportunities in academic areas such as elimination of redundant courses and courses that have few enrollees, changes in teaching loads, excessive faculty and reconsideration of tenure.

- **State Higher Education Labor Relations Board**
  - The State Higher Education Labor Relations Board should remain an independent agency.
  - Remove the provision in the State Higher Education Labor Relations Board enabling legislation that mandates that persons serving on the board must have a higher education background thereby allowing a broader pool of candidates for the Board.

- **Office for Individuals with Disabilities**
  - Elevate the Governor's Office for Individuals with Disabilities to cabinet-level status through the creation of a new Department of Disabilities and Special Needs in recognition of the Governor's strong commitment to this population.
  - Review further existing programs, services, and units for the disabled and special needs communities and consider the feasibility of merging them into the new Department.

- **Office of the Deaf and Hard of Hearing**
  - It is recommended that the Office of the Deaf and Hard of Hearing be included in the new department that the Governor intends to create by elevating the Office for Individuals with Disabilities to a cabinet level agency. The name of this department should be broadened to make clear that it is established to serve populations in need beyond those who are disabled. The Office of the Deaf and Hard of Hearing should still retain its distinct focus by being a defined unit or division within the new agency.

- **Office for Children, Youth and Families**
  - The current organization is a vast improvement over prior agency structures and should be maintained.
  - The Special Secretary should be included in Cabinet level meetings.
  - The Office for Children, Youth, and Families (OCYF) policy and coordinating functions should remain in OCYF and not be transferred to another operating agency. However, the program "Healthy Families," which is an operating – rather than coordinating – function, should be moved to an operating agency.
  - To illustrate the Governor's support for the current structure, a new Cabinet Council should be created to replace the current Subcabinet. The Council would consist of the heads of the Subcabinet agencies, and would be chaired by the Special Secretary.
  - The Maryland Partnership for Children should be consolidated into the Office for Children, Youth, and Families since many of its efforts are duplicative of those of other programs and it has outlived its usefulness. A majority of the Partnership's duties are identical to those of the Special Secretary and the Subcabinet. Those that are not duplicative are not worth continuing.

- **State Department of Assessment and Taxation**

  The Commission has the following recommendations for the Department of Assessments and Taxation:
    - Maintain the independence of the State Department of Assessment and Taxation.
    - Charge a fee for paper extensions for filing personal property returns.
    - Allow Uniform Commercial Code and personal property filings to be done over the Internet.
    - Eliminate the requirement that the local offices in all twenty-four political subdivisions in the state be in the county seat. This change would not remove the requirement to have offices in each subdivision, but would allow the Department of Assessments and Taxation to seek less expensive and more convenient office space within the subdivision.
    - Eliminate the requirement that the Department must return the original of certain documents filed during the creation of a business entity.

- Change the requirement that all deeds are presented to the local assessment office in the eleven counties that still have a three-step deed recordation process.
- Begin a pilot program to assess the efficiency and effectiveness of outsourcing some of the real property assessment function.

- **Commission on Human Relations**
  - Further evaluation needs to be done on the high cost per complaint handled by the Commission.
  - The Commission should continue its movement toward mediation as a method of resolution thus reducing its cost per complaint.

- **State Commission on Uniform State Laws**
  - The State Commission of Uniform State Laws provides a small amount of funding for the State to participate with representatives of other states in drafting proposals that promote greater uniformity of law among the states. It is recommended that this Commission be placed under the Secretary of State.

- **State Ethics Commission**
  - The Commission recommends that the independent status of this agency be maintained.

- **Governor's Office of Service and Volunteerism**
  - Maintain existing independent status but also incorporate the Governor's faith based and community initiative into the office.

- **Volunteer Maryland**
  - Maintain existing independent status but coordinate support services such as information technology better.

- **State Commission on Criminal Sentencing Policy**
  - Maintain current independent status.
  - Complete for judicial use an on-line submission system for the Sentencing Guideline worksheets.

- **Office of Minority Affairs**
  - The Commission recommends that consideration should be given to merging the Office of Minority Affairs into the Department of Business and Economic Development's Office of Business Advocacy since both offices share common concerns and serve the same general constituency. However, the Governor's Commission on Minority Business Enterprise Reform should assess this recommendation to ensure that it is compatible with that commission's recommendations.

- **Governor's Office of Crime Control and Prevention**
  - Maintain the Office's independence. Evaluate the feasibility of placing this office and other Federal funding "pass through" agencies under the new Governor's Grants Office.

- **Governor's Grants Office**

- Establish the agency and hire the professional staff as expeditiously as possible and carefully monitor (a) the additional Federal funds and funds from other non-state sources identified, applied for and awarded as a result of the participation of the agency, and (b) the effectiveness of the coordination.

- **Survey Commissions**
  - Place the Commissions structurally under the Governor's Policy Office.

- **Criminal Justice Coordinating Council**
  - Continue the council, which coordinates State and local law enforcement and judicial activities in Baltimore City, to the extent that Baltimore City provides funding.

- **Maryland Public Broadcasting Commission**

  The Commission recommends the following actions for Maryland Public Broadcasting:
  - Evaluate the options available to transfer the broadcast license to a non-profit organization (perhaps the Maryland Public Broadcasting Foundation);
  - Aggressively explore shared resources and programming with WETA and WHUT, particularly national programming;
  - Establish an endowment of private funds for operations and other needs;
  - Provide annual State support to a non-profit license holder organization only commensurate with the cost of producing unique local programming provided to Marylanders;
  - Explore fully revenue generating opportunities through web-based programming; and
  - Ensure that essential programming supplied to State educational institutions be provided at State expense if necessary.

- **Maryland State Archives**
  - The Archives should assume responsibility for setting records retention schedules, a task now performed by the Department of General Services.
  - The Archives should establish an affiliated non-profit foundation to increase visibility for the Archives, public usage and raise funds to support its mission.
  - The Archives should also:
    - Refine its mission to focus on core functions;
    - De-accession or loan its fine art collection to the Maryland Historical Society or another museum as appropriate to eliminate expenses for fine art conservation, insurance, exhibition, and storage; and
    - Investigate further revenue-generating opportunities by the agency (e.g. charging for staff time for research).

- **Historic St. Mary's City Commission**
  - Enhance the level of cooperation between Historic St. Mary's City Commission and St. Mary's College through an expanded agreement.
  - Give special consideration to combined efforts in development, public relations, and marketing.
  - Continue exploration of the development of a destination village to increase visitation and visibility of both institutions.

- Explore the merging of the two institutions through establishment of a committee to study such a merger.

- **State Board of Elections**
  - The State Board of Elections should remain independent.
  - Clarify statutes concerning appointment and tenure of the State Administrator. The General Assembly should alter ambiguous statutory language to make clear that the State Administrator serves at the pleasure of the State Board of Elections.

## STATEWIDE RECOMMENDATIONS

- **Procurement**
  - State agencies should work together whenever possible to achieve economies from combined purchasing with other State, local, or federal agencies.
  - Legal restrictions on such purchasing should be eliminated or reduced.

- **Personnel/Human Resources**
  - The State should implement an electronic time-keeping system. Off-the-shelf software is available to facilitate the implementation of such a system.
  - Arrangements should be developed to provide personnel support to small State agencies so that they do not have to dedicate staff within their agencies to that function.

- **Information Technology**
  - The State and its agencies must continue to improve their systems of information technology. Intelligent investments in information technology will produce efficiencies and better service levels in state operations.
  - A comprehensive statewide assessment of information technology systems should be conducted so that imperiled systems are identified and remedial action can be taken.

- **Case Management**
  - State systems for case management need to be modernized and streamlined. The lack of adequate systems plague many State agencies from those that manage client services to those agencies that manage hearings and complaints. State agencies should continue their efforts to automate such systems.
  - A prime consideration in designing and implementing such case management systems should be to ensure that such data systems interface with systems of other appropriate agencies so that data sharing and exchanges can be facilitated.

- **Historical and Cultural programs and the Department of Planning**
  - It is recommended that there be a study of the mission of the State Department of Planning to ascertain whether expanding that mission to include state cultural and historical programs would be of benefit to the State and to such programs.

# Report of the Committee to Evaluate Agencies Managing Environmental Issues

## SCOPE

The Scope of the Committee to Evaluate Agencies Managing Environmental Issues is all environmental programs and management structures. Because of the diversity of programs, the Committee identified eight topics to examine. Of these, the Committee focused on Chesapeake Bay restoration and identified seven other issues that deserve more detailed analysis.

## Bay Governance

### AGENCY HISTORY, PURPOSE, AND FUNCTION

Organizations that support the restoration of the Chesapeake Bay include agencies of the State of Maryland, agencies of other Bay states, and the Federal government. Of these organizations, some focus on coordination while others focus on program implementation.

**Coordinating Organizations**

- ***Federal*:** The Environmental Protection Agency's Chesapeake Bay Program (CPB) was created in 1983 to oversee the restoration of the Chesapeake Bay. The CBP provides funding to states and sponsors the Chesapeake Executive Council and the Chesapeake Bay Commission. The CBP oversees implementation of the Chesapeake Bay 2000 Agreement, which sets restoration goals for Maryland, Virginia, Pennsylvania, and the District of Columbia.
- ***Interstate/Federal*:** The Chesapeake Executive Council (CEC) is a federally sponsored interstate coordinating organization of governors and state executives from Maryland, Virginia, Pennsylvania, and the District of Columbia. Each state is represented by its governor and the District by its mayor. Other members are the Chair of the Chesapeake Bay Commission (see below) and the Administrator of the Environmental Protection Agency. The CEC has five committees: the Citizens Advisory Committee; the Implementation Committee; the Local Government Advisory Committee of the Chesapeake Bay Program; the Principals' Staff Committee; and the Scientific and Technical Advisory Committee. The Principals' Staff Committee consists of the Secretaries of Agriculture, Environment, Natural Resources, and Planning from the states and the District.
- ***Interstate/Federal*:** The Chesapeake Bay Commission (CBC) is a federally sponsored interstate coordinating organization of legislators from Maryland, Virginia, and Pennsylvania. The CBC coordinates Bay-related legislation between these three states. Each state sends seven members, of which five are legislators, one is the state's governor or his designate, and one is not a member of either the legislature or the executive.
- ***Maryland State Government*:** The Governor's Council on the Chesapeake Bay, also known as the Chesapeake Bay Cabinet, was established by Executive Order in 1985 to

advise the Governor on management of the Bay and surrounding areas. The Bay Cabinet is also a coordinating body for Bay programs. Members are the Secretaries of the Departments of Natural Resources, Environment, Agriculture, and Planning, the Dean of University of Maryland's College of Agriculture, and a designee of the Chancellor of the University System of Maryland. Chairmanship rotates between member agencies; the current chair is the Secretary of the Department of Natural Resources.

- ***Research*:** Bay-related research is pursued by a wide variety of public and private educational institutions, non-profit organizations, interest groups, and scientific institutions, including institutions of the University System of Maryland. The activities of these researchers are coordinated on a voluntary basis by the Chesapeake Research Consortium, a federally funded clearing house and coordinating office for interstate research.

**Maryland State Agencies**

- The Department of Natural Resources' (DNR) Chesapeake Bay programs include land preservation, living resources (e.g. fisheries, Bay grasses, oysters), monitoring, research, forestry, administration of the Critical Areas law, Tributary Strategies, the Maryland Biological Stream Survey, enforcement of conservation laws, education, and shore erosion control. DNR receives Federal funds for Coastal Zone Management, Chesapeake Bay Implementation, and Non-Point Source implementation that are applied to Chesapeake Bay programs. DNR has numerous Bay-related boards and commissions.
- The Department of the Environment (MDE) administers regulatory programs on air and water, including regulation of point and non-point sources of water pollution, wastewater treatment plants, wetlands, and development of water quality standards that contribute to Bay restoration.
- The Maryland Department of Agriculture (MDA) administers programs that address Bay water quality, including nutrient management planning, soil and water conservation, and capital programs that reduce non-point source pollution from farms.
- The Maryland Department of Planning (MDP) develops policies and provides technical assistance to support environmental, infrastructure, and local planning, provides mapping services, and provides data analysis for planners.

## CURRENT ORGANIZATIONAL STRUCTURE

### *Advantages*

- Interstate organizations provide a forum for coordinating policy and legislation between Bay states.
- Maryland's Bay Cabinet provides a forum for discussion and coordination between agencies.
- Each agency retains its independence on Bay restoration activities.
- Research guidance for the Bay Cabinet is available from the University of Maryland.

### *Disadvantages*

- Other than general policy guidance from the Governor's office, there currently is no centralized policy coordination or performance accountability specifically for Bay

restoration programs and activities. Cabinet secretaries meet among themselves and report directly to the Governor.

- Under the current structure, the Bay restoration agenda is set by the cabinet secretaries rather than the Governor.
- Although agencies coordinate through the Bay Cabinet, there is no identified authority to provide leadership and accountability.
- The State has signed the Chesapeake 2000 Agreement, which requires the State to meet ambitious goals for Bay restoration by 2010. Without the Governor's leadership, the Bay Cabinet agencies work among themselves to allocate resources and program activities to ensure that these goals are met.
- The Executive Order that created the Bay Cabinet has not been modified since 1985.
- The absence of a unified budget for Bay restoration makes management inefficient because funding issues cannot be quickly identified and addressed. Although it could be used as a central forum for adjusting funds provided to programs in various member agencies, the Bay Cabinet currently is not used in this fashion. The Department of Budget and Management (DBM) is not a member of the Bay Cabinet.
- The absence of a unified Bay policy and a single person accountable for progress leads to the appearance of program duplication between agencies, for instance on water programs, which in turn leads to the public perception of program ineffectiveness. This damages public confidence in the State's ability to effect recovery.
- The effectiveness of interagency communication and coordination through the Bay Cabinet depends on the willingness of individual cabinet secretaries and staff to cooperate with each other. If this cooperation breaks down, the Bay Cabinet may become unworkable.
- The agricultural community has not been fully included in decisions that affect it.
- The Bay Cabinet needs to have timely input from researchers, because the science that should drive decisions is conducted by many public and private organizations. The sheer volume of studies of various aspects of the Chesapeake Bay requires a coordinated repository of information that can be used to make informed decisions. While the Commission did not find any disadvantages in this area, the importance of sound scientific advice cannot be overstated.
- Maryland is affected by the actions of other states, but does not have the ability to mandate that other states take action to support the goals of the Chesapeake 2000 Agreement.

## RECOMMENDATIONS

Maryland has amassed enormous knowledge and scientific understanding of the Chesapeake Bay. Although there has been some success in restoring the Bay and extensive state and federal policy-making and funding resources are at our disposal, the desired results are not being achieved. The challenge now is to lead and manage. The goal of these recommendations is to set up a management structure that will facilitate achieving Bay restoration goals. **To this end the Commission makes the following recommendations:**

- **Create a Bay Coordinator** in the Governor's office to coordinate Bay policy and program activities among departments with Bay responsibilities. The Bay Coordinator

shall have the full support and authority of the Governor and will be accountable to the Governor for implementation of Chesapeake Bay policy. The Bay Coordinator should implement the Governor's Bay agenda.

- **Reconstitute the Bay Cabinet through a new Executive Order.**
  1. **Composition:** The Bay Coordinator should chair the Bay Cabinet as the holder of the governor's delegated authority. As chair, the Bay Coordinator controls the Bay Cabinet's agenda. To ensure that meetings are productive, cabinet secretaries should be required to attend with their staffs; substitutes or representatives should not be allowed without a waiver from the governor. The Department Of Budget and Management and the Director of the Governor's Washington Office should be full members of the cabinet in addition to University of Maryland experts and the Secretaries of the Departments of Natural Resources, Transportation, Environment, Agriculture, and Planning.
  2. **Responsibilities:** The Bay Cabinet should seek input from local government and local government organizations such as the Maryland Association of Counties and the Maryland Municipal League. The Bay Cabinet should prepare an annual consolidated Bay Budget that describes programs, identifies funding, and advances the Governor's Bay agenda. Each agency should identify all existing Federal funds it receives that can be applied to Bay restoration, and the Bay Cabinet should determine how to best use those funds to meet restoration goals. As part of the Bay Budget process, all funding requests should be submitted to the Chesapeake Bay Cabinet for review and approval as agencies are formulating their annual budgets. The Bay Cabinet should develop recommendations for obtaining additional funding for Chesapeake Bay programs for consideration of the Governor. The Bay Cabinet should also prepare with the Governor's approval a unified Bay legislative agenda.

- **Work with the agricultural community and in partnership with farmers.** There are programs in place to reduce nutrient runoff from farms that should be continued. State agencies should work with the agricultural community to continue to reduce nutrient runoff from farms. State agencies should involve the agricultural community before decisions are made on efforts to enhance best management practices that achieve Bay restoration goals. The University of Maryland's Cooperative Extension Service should communicate the science behind decisions to the agricultural community.

- **Make sound science the basis of decision making** through an independent and reputable clearinghouse that interprets science to solve Bay problems. The Bay Coordinator should continue to engage the scientific community in management decisions.

- **Maryland should lead interstate partners on Bay restoration efforts**. The Governor should lead Virginia, the District of Columbia, and Pennsylvania on Bay restoration and should invite Delaware, New York, and West Virginia to join existing organizations. In addition to the regular meetings, the Governor should hold a Bay Summit with all Bay states to reinvigorate the Chesapeake Executive Council. The Governor should

encourage Governors and the Mayor of the District of Columbia to attend the Chesapeake Bay Commission meetings in person.

## BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS

The goal of these recommendations is to improve the administrative structure for state programs that contribute to restoring the Chesapeake Bay. An improved administrative structure within the State should give the Governor a strong position when working with other states to make progress on Bay restoration.

- Establishing the Bay Coordinator and reconstituting the Bay Cabinet would allow the Governor to provide strong leadership on the implementation of Bay restoration programs in the State of Maryland. The Coordinator would be accountable to the Governor and would set the agenda for a Bay Cabinet that includes the full range of decision-makers and advisors on Bay restoration. The Bay Coordinator would act as a spokesperson on Bay policy and would communicate the Governor's policy to the public, other states, and the federal government.
- The Bay Coordinator would be a resource person who would ensure that the activities of the departments are coordinated and that the Secretaries clearly understand and vigorously implement the Governor's directives, policies, and programs. A Bay Coordinator would not add another layer of bureaucracy, but instead would reduce the appearance of duplication of activities by clearly communicating the relationship between existing programs.
- Under the chairmanship of the Bay Coordinator and with the addition of DBM and a Federal expert, the Bay Cabinet would have the direction and membership to be a forum for allocating resources, implementing programs, and evaluating program performance, in addition to advising the Governor on Chesapeake Bay restoration issues.
- The Consolidated Bay Budget would advance the Governor's goals and organize the Bay programs for State agencies and the public by providing a clear summary of annual spending and performance goals.
- Involving the agricultural community in the decision-making process would improve relationships with this sector of the State's economy. Agriculture is the source of a significant portion of nutrients that enter the Bay, and therefore the agricultural community is a significant partner in restoring the Bay.
- The Bay Coordinator would choose the most appropriate method of incorporating information from the scientific community into decision-making. Representatives of the University of Maryland on the Bay Cabinet would continue to provide additional scientific resources. By choosing the most appropriate method to incorporate science in decision-making, the Bay Cabinet would ensure that those who implement the decisions will have faith in the science.
- The Governor's leadership of other Bay states is critical because Bay restoration cannot be accomplished without the cooperation of other states in the Bay watershed. Improved coordination of Bay activities would increase the Governor's ability to lead other states to increase their Bay restoration activities.

## OTHER EFFICIENCY RECOMMENDATIONS

In the course of the Commission's review of Chesapeake Bay programs and governance structures, the following other issues were discovered.

- Secretaries of agencies with Chesapeake Bay and water quality programs should evaluate how best to assign programs and funding between their agencies and should coordinate any changes with the Bay Cabinet. This should be done in time for any changes to be fully reflected in the Governor's next budget.
- The Secretary of DNR should evaluate the possibility of consolidating the number of Tributary Teams and the number of staff supporting the Tributary Teams to avoid duplication.

# Power Plant Research Program at the Department of Natural Resources and the Maryland Energy Administration

## AGENCY HISTORY, PURPOSE, AND FUNCTION

The Maryland General Assembly created the Power Plant Research Program (PPRP) in 1971 for the purpose of evaluating and minimizing the environmental effects of power plants in Maryland. Funding for the PPRP comes from the Environmental Trust Fund, which is derived from a surcharge on electricity bills.

The PPRP's role is to coordinate State agency review of the effects of proposed power plants and transmission facilities that require a license from the State, including conducting research and monitoring in support of recommendations. The PPRP evaluates the impacts of existing power plants and transmission lines on the natural resources of the State, reduce these impacts, and provide the basis for future decisions regarding proposed power plants and transmission facilities. For facilities that require a Federal license and are not located within Maryland, PPRP coordinates Maryland's responses to federal regulators.

In support of these two roles, the PPRP funds studies of the effects of specific power plant proposals on air, water, living resources, cultural resources, and the economy; funds monitoring of the effects of power plants on the environment; funds studies on placement of dredged material; and conducts studies of the cumulative effects of power plants on the environment and economy of the State.

The PPRP receives approximately $8.5 million annually from the Environmental Trust Fund (ETF). Of this, approximately $5 million is spent on contracts with environmental research and assessment firms. Remaining funds are spent on monitoring programs and overhead.

## CURRENT ORGANIZATIONAL STRUCTURE

### *Advantages*

- In its current placement in the Resource Assessment Service of DNR, the PPRP is able to provide independent evaluations of proposed power plants and proposed alterations to existing power plants.
- There are some provisions for sharing funding and for coordinating with other agencies. By statute, the Secretary of DNR controls the ETF and provides $250,000 annually to the Maryland Energy Administration for its power plant related activities, and DNR is supposed to make funding decisions in consultation with Maryland Energy Administration (MEA).
- The PPRP operates efficiently. The program has only 10 staff positions and uses contractors to perform the studies.
- Because it is well funded, the PPRP is able to provide a wide range of studies and monitoring data.

### *Disadvantages*

- The PPRP examines all proposals for additional and modified power plants. This additional activity means that some of the proposals studied by the PPRP may not be the highest priorities for the overall energy policy of the State.

## RECOMMENDATIONS

- The Department of Budget and Management should perform a comprehensive study of the Power Plant Research Program. The study should include an assessment of fund sources, a zero-based budget, and an assessment of the scope of activities and activity level, and recommendations on whether the program is needed and if it is, the appropriate activity level for the PPRP and use of remaining special funds.

## BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS

- This study may result in adjustments to the activity level of the PPRP with the expectation that funds that are not needed could be used to support related activities at other agencies.

# Maryland Energy Administration

## AGENCY HISTORY, PURPOSE, AND FUNCTION

The Maryland Energy Administration (MEA) originated as the Office of Energy Policy in 1973 and was placed under various divisions of the Department of Natural Resources from 1975 to 1987, when it was moved to the Department of Housing and Community Development. In 1991, MEA was made an independent agency.

MEA programs include energy policy, improving energy efficiency for state government and non-profits, technology development, and energy markets. MEA is the lead agency for responding to energy emergencies.

MEA has a budget of $4.2 million and 20 authorized positions.

## CURRENT ORGANIZATIONAL STRUCTURE

### *Advantages*

- Energy policy is complex and involves many public and private sector organizations, so it is appropriate that energy policy is coordinated by a single agency.
- A component of statewide energy policy is energy efficiency at State facilities, which MEA implements with some success.

### *Disadvantages*

- The agency's programs address a wide variety of energy supply and energy efficiency issues.
- MEA may be able to make better use of available tools to improve energy efficiency at State facilities.

## RECOMMENDATIONS

- **The Commission questions whether MEA should continue to exist as an independent agency. The appropriate placement of MEA's programs should be studied, including placing programs in the Department of General Services, Planning, Housing and Community Development, or Natural Resources and whether MEA should continue as an independent agency.**
- **The statewide energy policy should be revised and MEA's activities should be aligned to support the revised statewide energy policy.**
- **MEA's funding sources should be studied including Environmental Trust Fund and Energy Overcharge Restitution Fund, to maximize leveraging of Federal funds with State funds.**

## BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS

- A new statewide energy policy and revised management structure may better address current energy issues facing the state.
- A study of funding sources may expand possible sources of revenue and uses of funds in support of the statewide energy policy and improved energy supply and efficiency throughout the State.

# Lead Poisoning Prevention Programs at the Maryland Department of the Environment and the Department of Health and Mental Hygiene

## AGENCY HISTORY, PURPOSE, AND FUNCTION

Maryland's Lead Poisoning program took its current form in 1994. The program is shared by three agencies.

- The Lead Poisoning Prevention program at the Maryland Department of the Environment has two components: The Lead Accreditation and Oversight Division accredits abators and investigates complaints of violations of lead paint regulations; and the Lead Surveillance and Health Division maintains databases of lead poisoning cases, coordinates testing and reporting, and provides public and health worker education.
- The Center for Maternal and Child Health at the Department of Health and Mental Hygiene (DHMH) provides screening for lead poisoning through grants to local health departments.
- The Department of Housing and Community Development administers the Lead Hazard Reduction Loan and Grant program for qualifying homeowners and landlords of rental properties who rent to limited-income households.

## CURRENT ORGANIZATIONAL STRUCTURE

### *Advantage*

- MDE provides database support and enforcement actions when complaints are received and has a historical link to this activity.

### *Disadvantages*

- Families that enter the program have to work with multiple agencies, which may be confusing and inefficient.

- MDE is not a public health agency. This program dilutes MDE's focus on environmental programs.

## RECOMMENDATIONS

- **The Secretaries of Environment and Health and Mental Hygiene should study the proposal to move MDE's lead poisoning prevention duties to Department of Health and Mental Hygiene.** The possibility of privatizing the role of the Department of Housing and Community Development also should be studied. The Secretaries of these agencies should study and report back before May 2004 or in time for any changes to be incorporated into the Governor's 2006 budget.
- **The three agencies that currently manage the program, MDE, DHMH, and DHCD, should work to improve coordination, possibly through the use of a centralized coordinator.**

### BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS

- Consolidation of public health-related lead activities in DHMH may improve the focus of MDE on environmental programs.
- Consolidation of public health-related lead activities in DHMH may improve customer service by improving program delivery.
- Reducing staff time spent coordinating with between MDE and DHMH may improve efficiency and reduce the program's operational costs.

## Radiological Health Program at the Maryland Department of the Environment and the Department of Health and Mental Hygiene

### AGENCY HISTORY, PURPOSE, AND FUNCTION

The Radiological Health Program (RHP) was moved from the Department of Health and Mental Hygiene to the Maryland Department of the Environment when MDE was formed in 1987. The Radiological Health Program regulates all sources of radiation, including licensing of users, equipment, facilities, and byproducts. The Radiological Health Program is the emergency responder on all nuclear and radiation emergencies and accidents.

### CURRENT ORGANIZATIONAL STRUCTURE

***Advantages***

- Radiation is a public health concern and an environmental issue.

***Disadvantages***

- MDE currently sends radiological samples to DHMH for testing. Although this is more efficient than maintaining two radiation labs, this situation is less efficient that housing the RHP at DHMH.
- Regulation of radiological materials is focused on limiting negative impacts on human health.

### RECOMMENDATIONS

- **The Commission was not able to investigate the details of this program and recommends that the Secretaries of MDE and DHMH study the proposal to move the Radiological Health Program from MDE to DHMH.** The Secretaries should report in time for any changes to be incorporated into the Governor's Fiscal Year 2006 budget.

### BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS

- Moving the program to DHMH would place this public health program with other public health programs.
- This change would sharpen MDE's focus on environmental programs.

## Forestry Programs at the Department of Natural Resources and the Department of Agriculture

### AGENCY HISTORY, PURPOSE, AND FUNCTION

The Department of Natural Resources' Forest Service provides technical assistance to private and government landowners on forest management, and administers the Forest Conservation Act. This program is separate from the State Forest and Park Service, which administers State forest lands.

The Maryland Department of Agriculture's Forest Pest Management program provides forest pest treatment and eradication services to private landowners and governments.

### CURRENT ORGANIZATIONAL STRUCTURE

***Advantages***

- The Departments of Agriculture and Natural Resources provide services that are appropriate to their mission.
- Placement of private forestry programs in DNR emphasizes the natural resource value of forests.

***Disadvantages***

- It may be inefficient for private landowners to work with DNR on technical forestry assistance and the Department of Agriculture on forest pest management.
- Production forestry is a form of agriculture.
- Many other states and the federal government house their production forestry programs in their agriculture agencies.

### RECOMMENDATIONS

- The Secretaries of Natural Resources and Agriculture should study the proposal to move private and commercial forestry programs in the Maryland Forest Service from DNR to MDA. The Secretaries should report in time for any changes to be incorporated into the Governor's Fiscal Year 2006 budget.

### BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS

- Moving Maryland's Forest Service to the Department of Agriculture may result in better customer service and improved program efficiency.

## Conservation Reserve Enhancement Program at the Department of Natural Resources and the Department of Agriculture

### AGENCY HISTORY, PURPOSE, AND FUNCTION

The Conservation Reserve Enhancement Program (CREP) is a State program that leverages federal funds to create buffers between streams and agricultural fields. These buffers improve water quality and provide wildlife habitat. DNR receives funding for this program and some program elements are implemented through the Maryland Department of Agriculture.

### CURRENT ORGANIZATIONAL STRUCTURE

***Advantages***

- CREP's mission is to reduce erosion, protect water quality, and enhance wildlife habitat, and DNR is the agency responsible for wildlife programs.
- DNR also has extensive experience in managing easements.

***Disadvantages***

- CREP is implemented through the agricultural community, and the Department of Agriculture has an existing relationship with agricultural community.

### RECOMMENDATION

- The Secretaries of Natural Resources and Agriculture should study the proposal to move CREP from DNR to MDA. The Secretaries of should report back in time for any changes to be incorporated into the Governor's Fiscal Year 2006 budget.

### BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS

- Moving CREP from DNR to MDA may result in improved coordination with the agricultural community on the specifics of the program, such as the width of buffer strips, cost of easements, and targeting of easement purchases in specific areas of the state.

# Planning and Smart Growth

## AGENCY HISTORY, PURPOSE, AND FUNCTION

The General Assembly created the Office of Smart Growth in 2001 to establish a centralized office in the State in a manner such that the policy of smart growth can be better articulated, coordinated, and implemented in order to better serve the residents of the State. In 2003, the Department of Legislative Services recommended consolidating the Office of Smart Growth in the Department of Planning.

On October 9, 2003, Governor Ehrlich signed the Priority Places Strategy Executive Order that offers a refocused policy for land use. The Priority Places Strategy creates planned growth goals for the State departments that sit on the Smart Growth Sub-Cabinet. Those departments are: Agriculture, Budget and Management, Business and Economic Development, Environment, General Services, Housing and Community Development, Natural Resources, Planning, and Transportation. The Secretary of Planning will lead the Sub-Cabinet.

The Sub-Cabinet will focus on the following ideas of planned growth:

3. **Community Revitalization**: Invest in older communities while protecting established investments.
4. **Brownfields**: Increase efforts to cleanup brownfields in an environmentally friendly way in an effort to promote economic revitalization.
5. **Transit-Oriented Development**: Maximize the investment in transit and develop communities where people have multiple transportation options to reduce congestion.
6. **Priority Funding Areas**: Streamline state regulations that hinder planned growth development in established growth areas.
7. **Involvement of Local Governments**: Involve local jurisdictions in the planning process to improve the aid for community revitalization and resource protection.

## CURRENT ORGANIZATIONAL STRUCTURE

### *Advantages*

- The Commission believes it is too early to determine the effectiveness of the Priority Places Strategy since the Executive Order creating the Strategy was signed only on October 9, 2003. The Commission believes, however, the Governor is correct to shift these land use policies back to the Department of Planning.

### *Disadvantages*

- The Commission believes it is too early to determine any disadvantages of the Priority Places Strategy due to the recency of the Executive Order.

## RECOMMENDATIONS

- The Priority Places Strategy should be closely monitored as it develops to ensure its goals are met.

## BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS

- The Commission believes a close monitoring will prevent duplication of efforts in the future.

# Report of the Committee to Evaluate Law Enforcement Agencies

## SCOPE

The Scope of the Mandel Commission's Law Enforcement Committee was to evaluate and make recommendations concerning state level law enforcement's police forces and management structures. The Committee discussed the current police structures with police forces, labor organizations, and experienced State, local and Federal employees that have a broad knowledge of law enforcement.

Throughout the presentations, it was clear to the committee that the Maryland law enforcement community shares a dedication to excellence in the protection of Maryland citizens. Universally, the representatives of the law enforcement agencies recognized and expressed their support for increased efficiency and cooperation among agencies. In each of the presentations, committee members noted the professionalism and commitment evident among Maryland's law enforcement officers.

***It is the intent of the committee not only to improve police protection in Maryland, but also to improve the working conditions and safety of our law enforcement professionals.***

Based on the examination of the current law enforcement structure, The Committee is proposing a number of recommendations to increase the efficiency of State law enforcement. The Committee is recommending the consolidation of some police forces: the University System of Maryland Police forces, Natural Resource Police forces, and State facility security and police forces throughout the State.

While we anticipate that any discussion of the consolidation of police functions may bring uneasiness to many police officers, we believe that these consolidations can be done in a way that protects the careers of current police officers and improves opportunities for new officers.

***The Committee recommends that during any restructuring of police services, current officers be grandfathered in at their salary level, and that the changes in job classifications be achieved through attrition as officers leave the forces or retire.***

The Committee recommends that the Department of Budget and Management conduct a job classification study for all members of State law enforcement agencies. The Committee heard of many cases of jobs filled by sworn police officers that could possibly be better classified as security guard positions, or of situations in our State parks where sworn officers are running concession operations or performing ground maintenance. Again, if positions are identified as prime for reclassification, the Committee recommends that these changes be implemented through attrition, as part of a long-term effort to create an efficient and well- integrated public safety system.

Overall, the committee members noted a tendency of current police agencies to attempt to expand their overall role in a way that often creates duplication of services. For example, the roles of the Maryland Transportation Authority Police and the Maryland State Police overlap in several areas. In light of both homeland security concerns and limited government funds, the committee feels it is essential that the State provide oversight clearly delineating the duties and roles of police agencies, and that those agencies cooperate with each other to avoid duplication of services.

Additionally, the Committee noted the need for further study of the Maryland Parole Commission, and recommends that the State undertake a thorough examination of the operations of the Maryland Parole Commission.

The Committee is proposing a number of universal recommendations that would be beneficial to Maryland police forces. These recommendations include centralized purchasing and increased standardization of equipment, uniform training, and improvements in statewide communications and information technology infrastructure.

## STATEWIDE FINDINGS AND RECOMMENDATIONS TO IMPROVE EFFICIENCY IN STATE LAW ENFORCEMENT

The Commission has formulated a number of common recommendations that would improve overall efficiency of State law enforcement. These common recommendations are in regards to procurement, communications and training.

- Procurement – Currently, State funded police forces are severely limited in their ability to participate in group purchasing of equipment.
- Communications – During the course of the Commission's evaluation of the State's law enforcement agencies, there was a common issue raised concerning communication and interoperability between police agencies.
- Training – While the Maryland Training Commission has done an excellent job in supporting law enforcement efforts to improve overall training, standards for training vary widely among police agencies.
- Coordination – State Law Enforcement agencies could benefit from closer coordination.

## PROCUREMENT

- **Issue** - Currently, State law prohibits State agencies from participating in Federal contracts, unless the purchase exceeds a $250,000 benchmark.
  - Police agencies make few purchases large enough to qualify under Maryland restrictions.
  - This policy restricts State-policing agencies from taking full advantage of opportunities offered by Federal procurement programs such as the 1122 Program, which allows agencies to purchase police equipment at significant savings.
  - The U.S. General Services Administration is also opening up purchasing opportunities for technology and computer equipment.

- **Recommendation - The Commission recommends the elimination of the $250,000 restriction on procurement participation in Federal contracts.**

- **Issue -** Preferred police equipment varies widely among police agencies, further limiting the ability for police to participate in cost-saving group purchases.

  - **Recommendation - The Commission recommends that policies be created that require police agencies to work together to standardize equipment and to save money through participation in group purchasing.**

**COMMUNICATIONS AND INFORMATION PROCESSING**

- **Issue -** Often, State police agencies are involved in situations that cross jurisdictional boundaries or that require assistance from officers from another jurisdiction, but are unable to communicate by radio to the officers from the other jurisdiction. Many local and municipal governments have already invested in radio system improvements, while the State of Maryland continues to fall behind.

**Interoperability is key to efficient day-to-day police operations. In the case of terrorist attack or large-scale public emergency, it is essential the members of public safety community be able to share information.**

  - **Recommendation - The Commission recommends that the State renew and reenergize its commitment to building a statewide radio system that would allow police, fire and emergency medical personnel from varying jurisdictions to communicate.** This effort should be completed in partnership with local and municipal governments.

  - **Recommendation – The Commission recommends empowering and expanding the current Statewide Communications Infrastructure Committee.** This Committee is comprised of Federal, State and Local representatives. State representatives are from the State Highway Administration, Maryland State Police, Department of Natural Resources, Maryland Institute for Emergency Medical Services System, Department of Budget and Management as well as Network Maryland. The Infrastructure Committee coordinates infrastructure projects and emphasizes that State and county partnerships can be beneficial by reducing costs, lessening environmental impacts, and enabling interoperability. This Committee has completed 32 tower sites across the State of Maryland to increase the State's communications infrastructure. The Law Enforcement Committee recommends this Infrastructure Committee be supported and that it continue to move ahead with the partnerships of local and federal governments to maximize the State's ability to have effective law enforcement communications. The Committee also recommends that a lead agency be identified for this project and group.

- **Issue** - Like agencies statewide, police agencies vary widely in their information technology equipment and capabilities.

  - **Recommendation - The Commission recommends continuing movement toward standardization of information technology systems among State policing organizations.** Interoperability of information technology systems will lead to more effective receipt of and distribution of law enforcement intelligence information.

## TRAINING

- **Issue** - Several of the police organizations that addressed the Commission supported moving the Maryland Police Training Commission from under the Department of Public Safety and Correctional Services and establishing it as an independent agency.

  - **Recommendation - Noting the effectiveness of the Maryland Police Training Commission in performance of its mission, the committee members saw no immediate need to reorganize the Training Commission.**

- **Issue** - Training standards vary widely among police agencies. Currently, police agencies without their own training facility choose their training location from several locations statewide based on timing of the classes and proximity.

  - **Recommendation - The committee supports maximum utilization of the State Training Facility at Sykesville.** The committee believes that increasing the number of recruits that share basic training experiences and standards will improve the long-term coordination of police services.

## COORDINATION

  - **Recommendation** - The Commission recommends that consideration be given to establishing the "State Law Enforcement Coordinating Council". This formally established council would be similar to the Governor's Public Safety Team that includes state law enforcement heads from agencies such as the Transportation Authority, Transit Administration, Department of Natural Resources Police, and the Maryland State Police. The State Law Enforcement Coordinating Council would be expanded to include the Department of General Services Police and a consolidated University System of Maryland Police Force. Such a council would contribute to maximizing efficiency in statewide law enforcement.

## Natural Resources Police and Forest and Park Service Rangers

### FINDINGS

- The Department of Natural Resources (DNR) currently has two separate police forces within the agency: the Natural Resource Police (NRP) and the State Forest and Park Service Rangers.
- NRP is headquartered in Annapolis at the Tawes State Office Building with regional offices in Salisbury (Wicomico County), Queen Anne (Queen Annes County), Annapolis (Anne Arundel County), Waldorf (Charles County), Owings Mills (Baltimore County), and Flintstone (Allegany County). Rangers are stationed at various DNR land units throughout the State.
- The Fiscal Year 2004 General Fund budget includes $12.5 million for NRP and $9.6 million for Rangers.
- Both of these police forces have expressed some issues concerning staffing, communication, purchasing and a high number of employees eligible for retirement.
- Rangers and the NRP currently share communications, records, some aspects of training, mutual planning sessions, expertise, management of incidents, and special shifts.
- The two police forces have stated that the salaries and benefits are very similar. The salaries of these two police forces differ by only about 2% or less.

### CURRENT ORGANIZATIONAL STRUCTURE

***Advantages***

- The NRP and the Rangers have specific jurisdictions and functions, which the police force can focus on.
  - The NRP enforce all natural resources laws of the State including all rules and regulations adopted pursuant to the Natural Resources Article, assist in the protection of life and property, serve as the primary search and rescue agency on the waters and in the rural areas of the State, preserve the peace, assist in the prevention of crime, detect and apprehend violators, and perform miscellaneous service functions as requested by the citizenry.
  - The Rangers administer and manage Maryland parks, protect and serve the people of the State through management and conservation of natural resources, and promote the management of the State Forest and Park Service in a manner that ensures the protection of the natural and cultural resources in the State's forests and parks.
- The Rangers do feel as though they are "multi-task enforcement officers," who perform diverse functions including maintenance and management duties along with their law enforcement functions.

***Disadvantages***

- Both the NRP and the Rangers have expressed issues with personnel allocations.
  - In 1990 the Rangers had 218 sworn officers and 123 civilian employees totaling a workforce of 341. In 2003 the Rangers have 158 sworn officers and 163 civilian

employees totaling a workforce of 321. The Rangers have expressed that more personnel are needed to assist with operation of the State's forest and parks.
    - The NRP force currently has 186 sworn officers and 30 vacant positions for sworn personnel.
- The current State classification system requires that Park Managers be sworn Rangers. In many cases, this requirement has created a situation where sworn police officers spend the majority of their time in park management operations rather than police operations.
- The need for specialization or consolidation is becoming more apparent regarding law enforcement functions. Considering the overall condition of the State's fiscal situation, a consolidation or merger seems logical. Operating two independent, yet parallel police agencies within the Department of Natural Resources may no longer be feasible, nor fiscally responsible.

## RECOMMENDATIONS

- **The Commission recommends a consolidation of the Rangers and the NRP within the Department of Natural Resources.**

- **The Commission supports the elimination of the requirement that Park Managers be sworn officers.**

- **The Commission recommends that a goal of this consolidation be that Rangers and NRP be responsible for law enforcement in State parks while civilian employees take on operational responsibility for the parks.**

- **The Commission recommends that during this restructuring of DNR police services, current Rangers be grandfathered in at their current salary level, and that the changes in job classifications be achieved through attrition as officers leave the forces or retire.**

## BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS

- The consolidated police forces would be able to utilize joint purchasing of equipment, fleet, and uniforms.
- The consolidated police force would maximize the use of existing resources within DNR.
- With a consolidated police force, the natural resource officers will have the opportunity to work in a greater variety of settings.
- The merging of these agencies and their respective command structures will significantly enhance the overall effectiveness of natural resource policing. Specifically, the move will enhance coordination and provide increased asset mobility. From a management prospective it will provide a unified system to address present and future natural resources law enforcement needs.

# State Facility Security and Police Forces

## AGENCY PURPOSE AND FUNCTIONS

- Currently, 16 separate police forces carry out State facility security functions. Only one of these forces has more than 11 police officers that have Maryland Police Training Commission Certification. These police forces carry out the same type of functions and most are employed by an agency that does not specialize in law enforcement.
- The Department of Health and Mental Hygiene employs police forces at State hospital facilities throughout the State. These officers generally do not carry weapons and call on the services of other police departments if they require armed assistance.
- The Maryland State Department of Education currently has 4 police officers that are employed by the Division of Rehabilitation Services. These police officers are not armed and mainly focus on the safety of the employees. If there is an escalating situation, this police force works with local police to ensure safety of all students and employees.
- The Department of Labor, Licensing and Regulation currently has 11 police officers. These police officers secure the State buildings where the Department of Labor, Licensing and Regulation is currently operating. If there is an escalating situation, this police force works with the Baltimore City Police to ensure safety of the Department's employees.
- There are other small police forces such as Maryland Public Broadcasting Commission (1 police officer). These officers protect the State owned buildings and ensure the safety of people in these buildings.
- The Facilities Operations and Maintenance's program in the Department of General Services (DGS) provides for the operation, maintenance, safety, and security of buildings and grounds under the jurisdiction of the Department. DGS has a current structure that has been effective and that has security guard officers under one job classification and police officers under another job classification.

## CURRENT ORGANIZATIONAL STRUCTURE

### *Advantages*

- Each agency has its own police force to meet the goals and objectives of that particular agency, rather than the broad statewide goals and objectives that may not relate to the particular agency's mission.
- Many of these smaller police forces have officers that assume roles of assisting the people they are serving rather than serving as an "enforcement" figure. Such roles may make the people they are serving feel more comfortable in their working environment.

### *Disadvantages*

- Smaller police forces that have 1 to 10 police officers may lack the necessary resources to carry out their job function effectively. A small police force may not be a high priority for an agency that does not specialize in law enforcement. A small police force may not get the necessary equipment or focus that is necessary to protect the State owned facility and the employees or patients or students working in it.
- The majority of smaller police forces have difficulty with recruitment and retention.

- Small police forces that have 1 to 10 officers will not have as many promotional opportunities available as would other State, county and municipal police forces.
- Under the current structure, a smaller police force may pay for a cadet to go through training and receive a Maryland Police Training Commission Certification. Once an officer receives this certification, he or she may go on to work at some other police force as a trained police officer.

## RECOMMENDATIONS

- **The Commission recommends a consolidation of police forces currently existing in the Department of General Services, the Department of Labor Licensing and Regulation, the Department of Health and Mental Hygiene, Maryland Public Broadcasting Commission and the Maryland State Department of Education.**
  - These police forces would all be consolidated under the Department of General Services because of the agency's current structure and sizable number of security guards and police officers it currently employs.
  - The Department of General Services currently has 98 Maryland Police Training Certified Police Officers and 110 Security Officers as well as 9 Police Communication Operators.
- As DGS takes on these new police forces, a review of position classification may be necessary.
  - The Secretary of DGS should coordinate with related departmental secretaries and the Department of Budget and Management to review the classification of the positions being consolidated.
  - The Secretary of DGS, secretaries of related agencies and the Department of Budget and Management may review the administrative and operational controls of this consolidation and come to an agreement of the most effective way to organize these positions.
- DGS should develop a mission statement for global security and policing of State facilities.
  - This mission statement will establish a minimum set of security and policing standards to maintain a high quality level of service to the State of Maryland.

## BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS

- The Commission's goal is to create a premier police and security force and to ensure consistent security in all State buildings. This recommendation would centralize the State facility security and police forces throughout the state, a critical element of effective homeland security.

- The current smaller security or police forces would benefit from a centralized security and police force in the Department of General Services. This recommendation will help the smaller security or police forces with purchasing equipment, recruiting and retention, as well as generate promotional opportunities that the officers may not currently have.

## OTHER EFFICIENCY RECOMMENDATIONS

- A Memorandum of Understanding (MOU) should be established to provide for shifting assets between State-owned facilities depending on the workload. This will ensure effectiveness with security and police personnel and allow participants to benefit from a centralized DGS force. If a situation demanded extra security in certain state facilities, DGS would be able to allocate the appropriate number of officers to the facility to ensure safety for visitors and employees. This consolidation would provide DGS with sufficient resources to coordinate the appropriate security measures in State owned facilities.

# Transportation Police

## AGENCY PURPOSE AND FUNCTIONS

There are currently three police forces within the Maryland Department of Transportation:

- Maryland Transportation Authority Police (MdTA)
  - The MdTA's responsibilities include protecting the Baltimore Washington International Airport, Port of Baltimore, Tunnels on I-95, I-395 and I-895, Lane Bridge (US Route 50), Key Bridge (I-695), Hatem Bridge (US Route 40) and Nice Bridge (US Route 301).
  - MdTA is divided into four divisions: the Special Operations Division, Patrol Division, Support Services Division and the Strategic Planning and Development Division.
  - MdTA currently has 412 sworn officers.
- Maryland Transit Administration Police (MTA)
  - In 1971, the MTA Police Force was founded by State legislation, as a fully commissioned, full-service police force that has full police authority throughout the State of Maryland.
  - MTA has 154 sworn officers.
  - The MTA operates five modes of transportation: the MTA Buses, Metro, Light-Rail, Para-Transit, and the MARC Commuter Rail.
  - The MTA is divided into 6 divisions: the Investigations Bureau, Patrol Bureau, Metro/MARC Bureau, Light Rail Bureau, Administrative Bureau, and the Communications Office.
- Motor Vehicle Administration (MVA) police.
  - MVA has 5 officers who maintain order in the customer service areas of MVA offices.

## CURRENT ORGANIZATIONAL STRUCTURE

### *Advantages*

- MTA and MdTA Police forces have specific jurisdictions and functions, which the police force can focus on.

- The MTA Police posts at all MTA facilities statewide. These facilities include the MTA Buses, the Metro, Light-Rail, and the MARC Commuter Rail that operates from Northern Maryland to Washington, D.C. and to Frederick.
- The MdTA Police focus on the State's bridges, tunnels, BWI Airport, and a portion of the JFK Highway.

***Disadvantages***

- There are a number of areas of duplication between the MdTA and other state police forces.
  - Both the Department of State Police and MdTA patrol areas of I-95, even though they have no radio interoperability, jeopardizing officer safety as well as protection of our citizens. It may be more efficient to have this jurisdiction under one police force.
  - While the MdTA operates the highway tolls, the Department of State Police patrols the highways. While there may not be any duplication in this area, it may not be the most effective method of operation.

## RECOMMENDATIONS

- **The Commission recommends a consolidation of the MdTA Police, MTA Police, and MVA Police within the Department of Transportation.** There are currently many areas of coordination where the agencies work together and have a strong working relationship. This consolidation will increase transportation law enforcement efficiency in the State of Maryland.
  - The three consolidated police forces will work as one in sharing resources, information, training requirements, and procurement.
  - Including the MVA Police in this consolidation will provide consistency within the Department of Transportation.

## BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS

- The consolidated police forces will work together to improve efficiency in the State of Maryland.
  - The consolidated transportation police force will maximize efficiency through coordinating procurement, uniform training, communications, uniform recruitment, and centralized operations.

# University System of Maryland Police

## AGENCY PURPOSE AND FUNCTIONS

The University System of Maryland Police Forces are established under Maryland Annotated Code of Maryland §13-601 (a). This language grants University of Maryland police officers the powers of a police officer in this State. The State Police and the Maryland Police Training Commission sets the standards and qualifications of a University of Maryland police officer.

There is also a Morgan State University Police Force established under Maryland Annotated Code of Maryland §14-106 (a). This language grants the Morgan State University police officers the powers of a police officer in this State. The State Police and the Maryland Police Training Commission also sets the standards and qualifications of a Morgan State University Police Officer.

## CURRENT ORGANIZATIONAL STRUCTURE

- Currently all schools in the University System of Maryland (USM) have separate university police forces with no relation to one another. Each university in the USM has its own police force with different uniforms, cars, radios, weapons, level of training, and chiefs.
- Many of the university police forces expressed difficulty in the recruiting and retention of highly qualified police officers after receiving the Maryland Police Training Certification.
- All university police in the university system train at different locations at different costs to their police force. All university police forces in the university system recruit cadets independently without communication to other university police forces.
- The USM has expressed intention to conduct an internal study of how university law enforcement consolidation would improve efficiency.

### *Advantages*

- Each university has its own police force that meets the goals and objectives of the respective university president, rather than broad statewide goals and objectives that may not relate to the particular university's intention.

### *Disadvantages*

- A number of the university police forces have expressed issues with recruitment and retention of highly qualified officers. This concern is due to the relatively low starting salaries that police officers earn compared to police employed by a city or county government.
- A number of the university police forces have also expressed issues with coordination of public safety activities. These police forces have stated that there are divergent styles of law enforcement between the two agencies that causes a lack of consistency in response and an associated lack of standardization in the expectations of the community served.

## RECOMMENDATIONS

- **The Commission recommends a consolidation of university police forces throughout the State. It is recommended that these higher education police forces consolidate under the USM as one force.**
- **All police forces that are in the USM are recommended for consolidation.** These university police forces are Towson University; University of Maryland, Baltimore; University of Maryland; Baltimore County; University of Maryland, College Park; University of Maryland, Eastern Shore; University of Baltimore; Frostburg University; Salisbury University and Coppin State College.
- **The police forces of Saint Mary's College of Maryland and Morgan State University are encouraged to consolidate with the USM police force.**

## BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS

- This recommendation would increase the coordination between campuses and will effectively utilize the State's resources. When a university in this system is holding an event with a large number of visitors, police forces from nearby universities would be able to assist.
- A consolidated university police force would generate additional promotional opportunities. This recommendation would improve the retention issues that some of the university police forces have expressed because of additional promotional opportunities that would be available to highly qualified police officers.
- A consolidated university police force would increase the opportunities for joint purchasing of equipment, vehicles, weapons and communication equipment.
- The universities involved with this consolidation will have opportunities to have a uniform recruitment and training to minimize the costs associated with training cadets.

## OTHER EFFICIENCY RECOMMENDATIONS

- The Commission also recommends that USM work to ensure uniform training standards at all schools in the University System.

# Report of the Committee to Evaluate Agencies with Adjudicatory Functions

## SCOPE

The scope of the Committee to Evaluate agencies with Adjudicatory Functions was to perform an independent philosophical and structural analysis of the assigned agencies. Through agency testimony and the Committee's collective experience, it targeted its recommendations based on the policy and structural soundness of adjudicatory functions within State government. The Committee affirmed its findings by studying caseload management, average costs per case, mediation efforts, the need for specialization, and the most efficient and legally appropriate manner in which to deliver these judicial services to the citizens of Maryland.

# Office of Administrative Hearings

## AGENCY HISTORY, PURPOSE, AND FUNCTION

The *Office of Administrative Hearings* (OAH) conducts administrative hearings on behalf of State and other government agencies. As provided by law, persons adversely affected by agency actions or proposed actions are entitled to an administrative hearing. The hearings are conducted by Administrative Law Judges who adjudicate questions of fact and law.

Authorized in 1989, the Office of Administrative Hearings began operations in January 1990 (Chapter 788, Acts of 1989). The Office hears all contested State administrative law cases, except for those concerning agencies exempted by law. The Office replaced a patchwork system of hearing examiners who heard appeals of State agency actions within the agency that made the decision being challenged.

The Office of Administrative Hearings' budget for Fiscal Year 2004 is $6,000 in Special Funds and $10.7 million in Reimbursable Funds with 59 authorized Administrative Law Judge positions.

## CURRENT ORGANIZATIONAL STRUCTURE

### *Advantages*

- Administrative Law Judges employed by the Office of Administrative Hearings are highly skilled. The training with which they are provided enables any of these judges to hear a wide variety of cases (the Office states that it hears appeals from more than 250 different programs).

***Disadvantages***

- OAH hears an inordinate number of Motor Vehicle violation cases. Hearings held by the Office of Administrative Hearings for the Motor Vehicle Administration (MVA) constitute both the largest number of hearings held by OAH (22,215) and the largest agency allocation of the OAH's budget ($2,727,067 reimbursed by the MVA). Most of these hearings result from the failure of a blood alcohol test by those suspected of driving under the influence of alcohol or their refusal to submit to such a test.

- OAH does not apply its fee structure as appropriately as it could. OAH, by its very purpose hears appeals of persons dissatisfied by State action. Thus, the imposition of a fee is not appropriate in all cases and any increase in fees should not be so large as to be prohibitive for a citizen seeking review of a State action with which he disagrees. In 1999, the OAH prepared a filing fee study for the budget committees of the General Assembly. It indicated in this study that it only collects fees for approximately one half of the cases it receives each year. Many cases are statutorily exempted from the imposition of an appeal fee, while others, although not exempt, do not have an appeal fee imposed because the referring agency handles the initial appeal filing itself and simply refers the hearing to OAH.

- The case type to which is allocated the fifth highest amount of reimbursable funds within OAH is appeals from the Department of Budget & Management's (DBM) Office of Personnel Services and Benefits. DBM does not have the authority to evaluate the merits of employee grievances that come before it. Rather, it attempts to mediate disputes between the employee and the employing agency. While 45% of grievances are resolved through this process, the OAH estimates that it will receive 255 appeals from failed mediations. An inordinately large number of grievance appeals come through DBM and to OAH from agencies that have military-like chains of command, such as the Department of Public Safety and Correctional Services.

## RECOMMENDATIONS

- Rather than recommend changes in the structure of OAH or the manner in which hearings are conducted on a broad basis, the Committee has evaluated those cases that represent both the largest component of the OAH's budget and those cases that have the highest cost per case.

- **The Commission recommends that the Motor Vehicle Administration offer licensees the option of requesting a work-restricted license via the mail with adequate proof of need instead of requesting a hearing before the OAH.** Under the statutory framework for MVA hearings, found in Section 16-205.1 of the Transportation Article, Annotated Code of Maryland, there are a small number of possible outcomes. In cases of a person taking a breath test and having a blood alcohol content of over .08, a suspension of 45 days is imposed for a first offense, 90 days for a second or subsequent offense. Because the General Assembly wants to encourage drivers to submit to breath tests, drivers who take and fail the test are eligible for a work-restricted license during their 45 or 90 day suspension. Many drivers request and attend hearings challenging their

suspension just to get such a "bread and butter" license (which also allows them to drive for purposes of attending school or addictions counseling). Currently, such restricted licenses are only available after a hearing before an administrative law judge of the OAH at an MVA office near the driver's residence. The MVA, through regulations found in COMAR 11.11.03.09 §C, has established criteria to determine whether a licensee should be given a work-restricted license. Certain types of proof are deemed acceptable and are set forth in this regulation. Furthermore, the MVA already makes "offers" in other types of cases that allow drivers to avoid contested hearings (such as in point-system based suspensions). The Committee believes that it would be appropriate to routinely offer those drivers who are facing 45-day suspensions (*i.e.*, first offenders) the ability to obtain a "bread and butter license" by mailing into the MVA proof of their need to drive (employment, school, counseling) and an affidavit reciting that they meet the other eligibility criteria. The Committee invites comment from both the MVA and OAH regarding whether the paperwork submitted by a driver is best reviewed by the MVA or the OAH and the cost of accomplishing the same. Section 16-205.1 provides in paragraph (n)(1) that the "Administration" (referring to the MVA) may modify a suspension for a driver who tests over .08. Nothing in the statute restricts this decision to a judge of the OAH. It would thus be possible to implement this process by changing a regulation. No legislation would be required.

- **The Commission recommends that the fee for MVA and Child Abuse hearings be increased from $15 to $30.** While statute imposes a ceiling of $15 on the appeal fee, Section §9-1604(b)(vi)(1), of the State Government article, Annotated Code of Maryland, the relatively low appeal fee for those cases involving public safety (namely MVA hearings and Child Abuse and Neglect hearings) presents an opportunity to recover the cost of providing the OAH as a forum from those parties who utilize its procedure. Because the OAH is already processing filing fees for these types of appeals, no additional staffing would be required at OAH, as implied in the Office's filing fee study (which addressed the imposition of fees for additional case types rather than increasing the amount of appeal fees already being collected).

- **The Commission recommends instituting a $100 appeal fee for professional licensing cases**, bearing in mind that the filing fee for Circuit Court complaints is currently $100. The agency referring the appeal to OAH should be able to collect this appeal fee before sending the matter to OAH for resolution without imposing an additional burden on the filing clerks of the Office of Administrative Hearings. Professional licensing cases represent a small number of appeals, but have a very high cost per case and lack any fee imposed on them. For instance, appeals from the Board of Physicians average 88 hours per case at a cost to the Department of Health and Mental Hygiene of more than $21,000 per case. Other professional licensing cases include appeals from the Maryland Real Estate Commission, the Home Improvement Commission, and other miscellaneous licensing decisions made by boards under the umbrella of the Department of Labor, Licensing and Regulation. The total "agency allocation" (the amount of reimbursable funds received by OAH from the referring state agency) for these cases is $1,691,292 (or an average cost of $6,576 per case).

- **The Commission recommends that Administrative Law Judges have the discretion to assess "hearing costs" upon appellants who are unsuccessful in their appeals as an additional method of recouping the cost of a case.** This imposition could be decided on a case-by-case basis depending upon which party prevails. (Obviously, because the State agency always pays for the hearing under the current system, this would have the effect of permitting case costs to be assessed against unsuccessful citizen-litigants.) Court costs should be assessed only in those cases that are not statutorily exempt from the imposition of an appeal fee.

- **The Commission recommends granting the Office of Personnel Services and Benefits final decision-making authority to resolve employee grievances.** As the first 'neutral' agency to hear the case, an employee dissatisfied with the outcome of the grievance process within his agency may feel that he has obtained an independent review of his grievance before DBM if DBM has decision-making authority. As the process currently stands, DBM can only attempt to get the employee and employing agency to agree to a resolution; it cannot decide the case on its merits. (Approximately 45% of grievances are resolved through the existing mediation process.)

- **The Commission recommends modifying the employee grievance process to eliminate immediate appeals where the employee is not at risk of losing time or pay**, with the proviso that the employee does not lose the right to contest reprimands if they are later used to support an action against the employee that does result in lost time or pay.

## BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS

- By offering work-restricted licenses through a mail-in process, the number of MVA hearings that OAH would have to conduct would be reduced. The Department of Budget and Management estimates that approximately 5,000 of the 22,000 MVA hearings currently conducted are for first offenders seeking a work-restricted license. While not all drivers would avail themselves of this opportunity, if half did, there would be a yearly gross savings of $306,900 due to the obviation of the need to conduct a hearing. Some cost would be shifted to the MVA to assess those applications that are mailed in and to mail the decision of the MVA to the driver requesting the license.

- Were the fee for MVA and Child Abuse hearings increased to $30, the estimated 22,215 MVA hearings and 419 Child Abuse hearings would generate an additional $340,000 yearly in special funds.

- Although imposing a $100 appeal fee for professional licensing cases would not recoup this entire cost, the Committee believes that appellants seeking to maintain their professional licenses are uniquely suited to bear part of the cost of seeking review of a decision to suspend their license.

- Were DBM granted the authority to address the merits of the grievances appealed to it, the number of appeals to OAH would be reduced—especially in those instances where

DBM rules in favor of the employee. Providing DBM with this authority would require legislation to provide DBM with decision-making authority. The Office of Personnel Services and Benefits would continue to function as an intermediate step before grievances reach the Office of Administrative Hearings. The Committee views this increased role as a supplement to the OAH function, not a replacement of that function. (Parties dissatisfied with the decision of DBM would retain their right to appeal to OAH.) The Committee is of the position that retaining OAH as a last step is important due to the independence of this tribunal.

- Minor disciplinary disputes will remain within the agencies, reducing the number of employee grievances moving to OAH. Eliminating innocuous employee grievance appeals from OAH's docket will still allow these minor grievances to be used as building blocks should further disciplinary action be taken.

### OTHER EFFICIENCY RECOMMENDATIONS

- None.

## Department of Budget and Management
## Office of Personnel Services and Benefits

### AGENCY HISTORY, PURPOSE, AND FUNCTION

The *Office of Personnel Services and Benefits* (OPSB) provides policy direction for the human resources system established by the State Personnel and Pensions Article. The Executive Director manages the Office of Personnel Services and Benefits within the Department of Budget and Management and administers State personnel policies and health benefit programs.

The Office seeks to manage a high performance governmental personnel system that delivers timely, accurate, and reliable services. This mission is sought through the use of modern personnel techniques and state-of-the-art information systems.

The Office of Personnel Services and Benefits' budget for Fiscal Year 2004 is $7.4 million in General Funds and $4.3 million in Reimbursable Funds.

### CURRENT ORGANIZATIONAL STRUCTURE

***Advantages***

- OPSB is the centralized management agency that implements statewide personnel policy to which all agencies adhere. The Office conducts a yearly audit of each agency measuring consistency with respect to statewide personnel practices.

- OPSB is responsible for the establishment of salary scales, health insurance policies, employee relations and recruitment. The Office carries out these duties effectively as

detailed in its Managing for Results presentation. It has measures of performance levels that average around the 90th percentile.

### *Disadvantages*

- Payroll technology for the State is antiquated. OPSB is concerned that, as agencies grow, they will become increasingly independent from oversight of statewide personnel regulations. A centralized electronic personnel system that provides tracking, timekeeping, and salary/benefits details will reduce the balkanization of systems if oversight is not maintained.

## RECOMMENDATIONS

- **The Commission recommends the deployment of an off-the-shelf Human Resource Information System (HRIS) that serves the entire workforce.** The State should meet this recommendation through a procurement that mirrors personnel models currently followed by private sector firms.

## BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS

- State agencies have too much autonomy in determining the job class and pay grades of administrative positions (of the 2,000 different position classifications, 15 are administrative). A centralized electronic personnel system will allow OPSB to set these classifications thereby limiting their number and taking this subjectivity out of the agency's purview. The result will mean consistency and pay equity between job categories while removing discretion from the process.

- A broad-based HRIS will upgrade OPSB's ability to collect and analyze data, manage salary and benefit systems for State employees, facilitate the movement of personnel between departments and agencies, and provide a mechanism for employee career development.

## OTHER EFFICIENCY RECOMMENDATIONS

- **The Commission recommends that the State move to mandatory direct deposit for all State employees.**

- **The Commission recommends that the State study the feasibility of rotating its pay schedule to achieve time parity in payroll processing.** Rather than having all State employees receive their pay on the same day, divide the number of State employees in half where one group receives their pay on the off week of the other group. This measure will balance the personnel workload.

# Maryland State Board of Contract Appeals

## AGENCY HISTORY, PURPOSE, AND FUNCTION

Created by statute in 1980 to replace the Department of Transportation's Board of Contract Appeals, the *Maryland State Board of Contract Appeals* (MSBCA) adjudicates all disputes involving state procurement contracts, except for architectural contracts.

Two types of appeals are heard by this agency:

- "Bid protests" brought by unsuccessful bidders or offerors who challenge the award of a State contract; and
- "Contract claims" involving controversies between a contractor and a contracting State agency involving the performance or payment under a State contract.

The Board estimates that it will hear 21 bid protests and 25 contract claims in Fiscal Year 2004.

The Maryland State Board of Contract Appeals' budget for Fiscal Year 2004 is $494,871 in General Funds with 3 authorized commissioners who serve at the pleasure of the Governor.

## CURRENT ORGANIZATIONAL STRUCTURE

### *Advantages*

- The agency provides a uniform venue in which to review contract provisions.
- As an independent agency, commissioners can devote specialized attention to the various subject matter of State procurements.
- The Board achieves its internal standards for quality. The Board complies with its performance targets to submit a written decision on a bid protest within 3 months and issue a written decision on a contract claim within 6 months. Appeals to the Circuit Court are below the agency's benchmark of 25% (10-20%).

### *Disadvantages*

- According to the MSBCA's budget proposal, it expects to hear only 21 bid protests and 25 contract claims in Fiscal Year 2004. With its $494,871 appropriation, the cost to the citizens of Maryland to provide this forum is nearly $11,000 per case. This cost is higher than any other adjudicatory agency and higher than the cost to hear cases within the State Judiciary.
- No fee structure is imposed to recoup this cost from those parties who utilize this forum in the form of filing fees, "court costs", or other fees.

- The relief afforded by statute to those parties that challenge the awarding of a State contract (i.e., suspension of the contract's performance until the case is resolved) is quite extraordinary, yet the party bringing such a challenge is not required to post an appeal bond or any other type of security to utilize this process. The Committee believes that the procedure for obtaining injunctive relief currently existing within the Circuit Court imposes appropriate costs and burdens for parties seeking this extraordinary relief.

## RECOMMENDATIONS

- **The Commission recommends that the Maryland State Board of Contract Appeals be eliminated and the functions of this agency be shifted into the Judiciary.** The agency hears very few cases per year, has one of the highest costs-per-case of any adjudicatory agency, and the functions it performs could be resolved as expeditiously through direct review by the Circuit Courts or through the existing intra-agency review process. Furthermore, it would appear that procurement law attorneys, experienced in State law governing the awarding of contracts, represent all the litigants before the MSBCA. That virtually all parties are represented by counsel in the appeals process suggests that there is not a need among the State contracting industry for an adjudicatory agency geared toward the lay community (compare this to the Property Tax Assessment Appeals Boards, which hear cases from *pro se* appellants more frequently than represented parties and which have a procedure that is easy for the layperson to use and understand).

## BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS

- **Bid protests**--The Committee is concerned that the bid protest process too easily allows a dissatisfied bidder to hold up the performance of a State contract. Within the agency awarding the contract, an administrative review process already exists whereby the bidder can obtain the review of the procurement officer and the agency head. If still dissatisfied, an appeal to the MSBCA can be filed without any filing fee and at little cost to the dissatisfied bidder. During the resolution of this dispute, the performance of the awarded contract is halted. By eliminating the Maryland State Board of Contract Appeals, the bid protest process would shift to the Circuit Courts, which have existing procedures for parties seeking to suspend the awarding of a contract by seeking injunctive relief. Such relief would require the bidder to pay a filing fee, post a bond, and convince a judge (under established rules for obtaining injunctions) that, among other things, the party seeking to halt the performance of the contract has a substantial likelihood of prevailing on its claim. The Committee believes that there should be a cost imposed on a party initiating a bid protest and an early determination of the merits of the case. By switching to a procedure that involves a filing fee and a bond, the filing of frivolous claims would be dissuaded due to the cost of seeking the relief or claims without merit would quickly be disposed of. The procedure that is established in the Circuit Court for injunctive relief better allocates the costs in cases where a party is challenging the award of a State contract. The small number of bid protests heard per year suggests that the seeking of injunctions in the Circuit Court would not impose a tremendous burden on the Judiciary.

- **Contract claims**--These disputes generally take two forms: (1) *payment disputes*--contractors who have completed the contract, but are seeking increased compensation due to alleged changes in the scope of the work during the course of the contract's performance; and (2) *performance disputes during the contract*—this occurs where the State withholds some payment from the contractor due to alleged defects in the contractor's performance. Both of these typical contract claims can be resolved either through the State's trial courts or by the intra-agency review process. Where payment is the only issue and the contract has been completed, the contractor's remedy should lie with the District or Circuit Courts, based upon the amount of the claim. (Generally, circuit courts have jurisdiction over claims exceeding $25,000.) The District Courts provide a faster procedure for the resolution of small claims and in either court, the average time to resolution of the case compares favorably with the Board of Contract Appeals, which averages 6 months to resolve contract claims.

  Where performance of the contract, while the contract is not yet completed, is the issue in a contract claim, what is known as the 30-30-90 rule comes into play. (The Task Force to Study Efficiency in Procurement is currently studying this rule.) This rule requires the contractor to dispute any issue within 30 days of it being presented. This often results in multiple appeals being filed for a single contract, which are essentially held by the Board of Contract Appeals and eventually consolidated for trial. (The contractor fears that if he does not appeal within 30 days of something he disputes occurring, he risks being deemed to have waived the claim.) Claims should be lodged and resolved by the procurement officer and the head of the procuring agency, who shall issue a final decision. All such final decisions could then be appealed directly to the Circuit Courts following completion of the contract. In the event that a dispute that arises during the performance of a contract is so large as to prevent its completion (e.g., where the requirements imposed by the State would make the contractor unable to perform), the parties would presumably have an incentive to immediately petition the Circuit Court for injunctive or declaratory relief to resolve the issue or else the contract would be breached for nonperformance and thus ripe for review by the Circuit Courts. Minor issues resolved against the contractor by the agency head during the contract's performance would be resolved at the completion of the contract in one suit, rather than the multiple appeals that are currently filed.

## DISADVANTAGE OF RECOMMENDATIONS

- The MSBCA does provide a certain amount of legal uniformity in decisions affecting State contracts in that the same agency initially resolves all disputes. Were the decisions made by this agency referred to the Circuit Courts, the 24 jurisdictions could result in differing approaches taken to similar disputes based upon geography. The appellate courts would provide uniformity only to those cases that are challenged at that level. This could result in greater uncertainty among the contracting community as to how recurring disputes under State contracts will be resolved.

## OTHER EFFICIENCY RECOMMENDATIONS

- The Commission recommends, in the case of bid protests, that the Circuit Court should attempt to render a decision on a bid protest within 3 months.

# Maryland Tax Court and Property Tax Assessment Appeals Board

## AGENCY HISTORY, PURPOSE, AND FUNCTION

### *Maryland Tax Court*

The *Maryland Tax Court* (MTC) has jurisdiction to hear appeals from the decision, determination or order of any final assessing or taxing authority of the State, or of any agency, department or political subdivision thereof, and to assess anew, abate, modify, change or alter any valuation, assessment, classification, tax or appealed final order. Appeals concerning State and local taxes are heard by a single judge or a panel of judges. Real property tax appeals from the local Property Tax Assessment Appeal Boards may be heard in Baltimore City or within the counties where the appeals arise. All decisions of the Court are subject to appeal.

The Maryland Tax Court's budget for Fiscal Year 2004 is $536,180 in General Funds with 5 judges and 4 staff.

### *Property Tax Assessment Appeals Board*

The *Property Tax Assessment Appeals Boards* (PTAAB), located in each county and Baltimore City, hear appeals on actions of the State Department of Assessments and Taxation on matters relating to the assessment of property or on any other tax matters that may be assigned by the General Assembly. Property assessments made by the State assessors may be appealed to the local Property Tax Assessment Appeals Boards in the counties and Baltimore City, prior to the Maryland Tax Court and subsequent State court reviews.

The Property Tax Assessment Appeals Boards' budget for Fiscal Year 2004 is $868,980 in General Funds with 1 administrator and 96 board members (24 of whom are alternates) that serve in each county and Baltimore City. Larger counties have staffed offices, while smaller counties receive administrative support from the local office of the State Department of Assessment and Taxation.

## CURRENT ORGANIZATIONAL STRUCTURE

### *Advantages*

- All real estate tax appeals are first heard by the PTAAB and subject to further review by the Maryland Tax Court. The PTAABs are composed of citizens nominated by county officials and are in a position, especially with respect to residential properties, to bring

their collective knowledge of their communities into the real property tax appeals process. The PTAABs provide a local, independent adjudication of tax assessment decisions.

- By focusing solely on tax issues, Maryland's Tax Court brings specialized knowledge to the adjudication of tax disputes. The agency publishes its decisions, which provide precedent that it can follow and that provide a body of case law on tax issues in the State of Maryland.

- PTAAB is able to resolve many real property tax appeals to the satisfaction of the appellant, evidenced by the agencies' respective caseloads. (PTAAB hears about 7,000 cases per year. MTC hears 950 cases per year, 70% of which are real property appeals.) Maintaining the PTAABs serves to reduce the number of appeals that would otherwise go to the Tax Court, if PTAAB did not exist.

***Disadvantages***

- Certain types of real property tax appeals (such as those involving non-residential property with a high assessment or those in which the income-expense method of assessment is used) are too complex for the citizen-members of the Property Tax Assessment Appeals Board. Current procedure, however, requires these complex cases to be first heard by the local boards, even though virtually all cases of this complexity will ultimately be appealed to the Tax Court.

## RECOMMENDATIONS

- **The Commission recommends requiring all appeals involving non-residential property in which the property is assessed at $5 million or higher to be appealed directly to the Maryland Tax Court, without first going through a Property Tax Assessment Appeals Board.**

- **The Commission recommends requiring all appeals in which the income-expense method of valuation is the sole method used for valuation of the property in question be appealed directly to the Maryland Tax Court, without first going through a Property Tax Assessment Appeals Board.**

## BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS

- Cases that are likely to be highly contested by the taxpayer and/or the State, involve complex issues, or require expert testimony will be heard by the Maryland Tax Court, which, due to the qualifications of its judges, has the expertise to hear and properly evaluate such issues.

- Complex cases that would otherwise require a large amount of time to be heard by the PTAAB will bypass that agency, freeing up their dockets to hear simpler appeals in a timelier manner.

- Parties to complex cases, which would likely desire the Tax Court to resolve their case anyway, will be permitted to appeal directly to that agency, rather than waiting for the PTAAB to first hear the appeal, resulting in a quicker ultimate disposition of the case.

- For less complex cases, the PTAAB will continue to provide resolution by its citizen-board members who are familiar with their counties and local property values. Parties challenging residential and some non-residential appeals will have their cases resolved locally and in an expeditious matter, the PTAAB's docket having been lightened by the removal of time-consuming complex matters.

### OTHER EFFICIENCY RECOMMENDATIONS

- **The Commission recommends setting a 180-day timeframe in which all cases brought before the Maryland Tax Court and the Property Tax Assessment Appeals Board be heard and decided, barring certain exceptions. This effort will ensure an accountability standard that these agencies must meet and will better serve the citizens.**

## Office of the Public Defender

### AGENCY HISTORY, PURPOSE, AND FUNCTION

The mission of the *Office of the Public Defender* (OPD) is to provide superior legal representation to indigent defendants in the State of Maryland by safeguarding fundamental individual rights and ensuring access to the protections guaranteed by the United States Constitution, the Bill of Rights, the Maryland Constitution and Declaration of Rights, and the laws of Maryland.

The State is divided into 12 judicial districts with a Public Defender assigned in each district. A 3-member Board of Trustees, appointed by the Governor, selects the state Public Defender who appoints each of the 12 jurisdictional Public Defenders, with the approval of the Board of Trustees.

The Office of the Public Defender's budget for Fiscal Year 2004 is $60,188,202 in General Funds, $260,168 in Special Funds and $1,431,780 in Reimbursable Funds with 882 authorized positions.

### CURRENT ORGANIZATIONAL STRUCTURE

***Advantages***

- Public Defenders conduct their business thoroughly in spite of the stigma attached to providing free service to indigents accused of crimes. Caseload has increased by 20% in

the last two years while the pay scale and employment levels have stagnated for the Office.

- The Office ensures on behalf of the State that a competent case is being made to avoid tying up the courts with malpractice claims by defendants who receive sub par representation.

***Disadvantages***

- The Office collects the $50 application fee that it is required to charge to clients for only about 30% of the cases. Following all unsuccessful attempts to impose the fee, the Office must then collect the fee through its accounts receivable division. This unit does not have the proper technology or manpower to administer this task.

- The Office centrally manages its fiscal and personnel matters, despite Public Defenders operating jurisdictionally. The agency occasionally sees local Public Defenders under-performing or acting insubordinate to the central mission of the Office.

## RECOMMENDATIONS

- **The Commission recommends that judges be encouraged to assess reasonable court costs in all appropriate cases and to remind defendants of their obligation to pay the $50 application fee. This effort can be accomplished without legislation.** As under the current system, judges would retain the discretion to waive the fee in cases of indigency, after an affirmative finding of a defendant's inability to pay. It is suggested that the Judiciary be educated regarding their ability to order payment of such application fee in addition to imposing a public defender's fee at sentencing.

## BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS

- Enforcement of Article 27-A, §7, as well as the addition of the Public Defender application fee to this article, will assist the Office and provide it with an additional means of collecting the application fee.

## OTHER EFFICIENCY RECOMMENDATIONS

- Conduct further study into whether the Office of the Public Defender should forego all duties and responsibilities related to the collection of unpaid application fees given their inability to establish a sufficient operation in this venue. In addition, study new ways in which the State's Central Collections Unit (CCU) can establish a more accurate and effective retrieval system for collecting fees. This system should improve CCU's ability to better focus its collection strategy, whereby the collection of unpaid fees will increase and the amount of time spent collecting fees will decrease with more targeted collection efforts.

# Public Service Commission

## AGENCY HISTORY, PURPOSE, AND FUNCTION

The mission of the *Public Service Commission* (PSC) is to promote adequate, safe, reliable, and economic delivery of services to Maryland consumers by companies subject to the Commission's statutory mandates. PSC accomplishes this by ensuring just and reasonable rates, supervising, monitoring, and regulating all public service companies, educating the public about utility issues, and promoting competition where appropriate.

The Public Service Commission's Fiscal Year 2004 budget is $12.7 million in Special Funds with 5 commissioners who each serve 5-year terms at the pleasure of the Governor and 137 positions for other staff.

## CURRENT ORGANIZATIONAL STRUCTURE

### *Advantages*

- Efficient operation—PSC adjudicates all public utility matters and continues to adapt to the ever-changing market of public utilities. Public utilities, once a competitive industry, had transferred to a monopolistic market but are again experiencing a conversion back towards competition.

- PSC has a precise structure in which it hears rate cases. Commissioners conduct an initial evaluation hearing, and if unable to be resolved, these cases move to an advisory panel or a hearing examiner who has complete discretion over decisions.
- Its rate setting is comparable to other states and the PSC receives significant compliance from its carriers.

### *Disadvantages*

- **Public Transportation Vehicle Inspection Program**--The Public Service Commission inspects vehicles operated by for-hire passenger carriers through its Inspection Program. The total number of for-hire vehicles regulated is approximately 7,100. Approximately 5,000 of these vehicles have a seating capacity of 15 or less while the remaining vehicles seat 16 passengers or more. All vehicles subject to the PSC's jurisdiction are required to be inspected twice a year. Prior to 2001, PSC Transportation staff conducted all of these inspections. In 2001, carriers that operated vehicles with a seating capacity of 15 or less were instructed to present their vehicles to a Maryland State Inspection Station, run by the Maryland Department of Transportation's Motor Vehicle Administration (MVA) for one of the two inspections required each year. This change was instituted because of the PSC's inability to hire and retain qualified inspectors. PSC has also come to rely heavily on private inspectors.

- The PSC also was concerned that its transportation inspectors were not able to conduct thorough inspections because of a lack of necessary resources (lifts, pits, machinery,

tools). Thus, the MVA's Inspection Stations examine vehicle components that the PSC's Transportation inspectors cannot. The PSC inspections provide information about cleanliness, markings, vehicle condition, and taximeters along with those vehicle components that are easily accessible. The inspectors use the criteria for safe operation contained in the statutes and regulations of both the PSC and the MVA. The PSC inspectors essentially use the same criteria as the MVA's State Inspection Stations when determining whether a vehicle has "failed" an inspection and thus must be placed out of service.

- Over the past three years, the PSC has had only five inspectors to conduct over 7,000 inspections. In order to efficiently conduct these inspections, its staff and the carriers schedule an inspection date in advance rather than appearing unannounced. Carriers with fleets of four or more vehicles are inspected at the carrier's place of business. Carriers with less than four vehicles are inspected primarily at park-n-ride lots. All taxicabs are inspected at the taxicab association with which they are associated.

## RECOMMENDATIONS

- **The Commission recommends that the possibility of transferring the enforcement of vehicle inspections, insurance requirements, and driver safety from PSC to MVA be studied further**. Enforcement of for-hire rates for taxis and buses should remain with PSC. The MVA performs enforcement of inspections for approximately 7,100 vehicles and 14,000 drivers and could easily absorb the PSC's inspection function. The MVA has the ability to do a better job of tracking and issuing driver's licenses, with a better system to handle drivers' criminal history and immigration status. As long as PSC will continue to enforce public transportation rates, it should also retain the authority to issue boundary limitations in which taxi cabs/buses operate. The MVA should have no authority to regulate the locality and portage of passengers because it is not equipped to handle these determinations.

## BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS

- Combines similar functions of two State entities, leading to greater economies of scale and ability to recruit and retain expertise within workforce.

- MVA has a more efficient system in place to track driver's licenses and individuals' criminal background and other information.

- Consolidation of functions provides better utilization of equipment investment to inspect vehicles.

- Larger inspection force allows unscheduled inspections when violations are suspected.

## OTHER EFFICIENCY RECOMMENDATIONS

- The Commission recommends that there be immediate review of methods for communicating between the Public Service Commission and the Motor Vehicle Administration and adoption of electronic means for transferring data whenever and wherever possible.

- The Commission recommends immediate, proactive steps be taken to ensure that serious and repeat violations be reported to the Public Service Commission for revocation of permits if appropriate. Immediate steps should be taken in conjunction with any function transfer to ensure no carriers 'slip through the cracks' due to delays in reporting problems.

- The Commission recommends further study as to how the deregulation of utility companies will affect the performance of the Public Service Commission.

# Workers' Compensation Commission

## AGENCY HISTORY/PURPOSE/FUNCTION

The W*orkers' Compensation Commission* (WCC) receives, processes and adjudicates claims for injured employees, and refers those claimants who need rehabilitation to the appropriate vocational rehabilitation service providers.

The Maryland Workers' Compensation Commission mission is to seek to secure the equitable and timely administration of the provisions of the Maryland Workers' Compensation Law on behalf of injured workers and their employers by providing an efficient and effective forum for the resolution of individual claims. All expenditures of the Workers' Compensation Commission are recovered from insurance companies and self-insurers through an annual maintenance assessment.

The Workers' Compensation Commission's budget for Fiscal Year 2004 is $12,773,269 in Special Funds and $28,697 in Reimbursable Funds. WCC has 10 commissioners who each serve a 12-year term at the pleasure of the Governor and 120 other authorized staff positions.

## CURRENT ORGANIZATIONAL STRUCTURE

### *Advantages*

- WCC has a firm mission to ensure the health and income stability of the employee.

- The 12-year terms of the WCC Commissioners allow the Commission to attract highly qualified candidates because the long-term length implies stability and offsets somewhat the high degree of sacrifice that applicants may experience if they are appointed to the Commission.

- WCC has an effective prioritization method for its cases. Cases in which the issue is maintaining income for employees or ensuring that they obtain medical treatment are given the highest priority (priority 1 & 2) due to the impact of these cases on the livelihood and health, respectively, of the employee. WCC sets a three-week time limit to hear these types of cases. Lower priority (priority 3) is given to assessing the disability rating of the employee and determining the amount of compensation to award for total or partial disabilities due to the contentious and evidence-driven nature of this aspect of WCC adjudications.

- WCC has an effective case management system to monitor all of its cases electronically. The system's infrastructure is also tied in with state unemployment and retirement offices to avoid duplicative receipt of benefits.

### *Disadvantages*

- While the WCC has established a three-week target for resolving priority 1 and 2 issues, it's Managing for Results data does not demonstrate that it meets this target. The impact

on delay at this stage of WCC claims can be detrimental to an employee's financial and medical well-being.

- WCC carries out no plan to prevent unnecessary delays in cases on the part of attorneys, insurance companies and/or medical providers. These delays extend the duration of a case and yield grave circumstances for priority 1 and 2 cases where a delay can affect payments to an aggrieved employee.

- The State has 120 self-insured entities and 8 group self-insured entities that WCC manages. The WCC has a poor history of regulating these entities. Lack of oversight of self-insured employers can result in unfunded workers' compensation claims, which tax the Uninsured Employers' Fund and, indirectly, increase workers' compensation insurance rates for Maryland businesses. Proper regulations and auditing could detect tenuous fiscal circumstances for self-insured companies in time for the State to revoke their respective self-insured status before the companies' failure.

## RECOMMENDATIONS

- **The Commission recommends that a study commission be formed to examine both the financial impact of Maryland's Workers' Compensation law on the State, businesses, and workers and the best practices in adjudicating workers' compensation claims.** Recent changes in Workers' Compensation insurance law, notably the decision of the Court of Appeals in *Harris v. Bd. of Educ.*, 375 Md. 21 (2003), and the rising cost created by higher workers' compensation awards in the areas of permanent disabilities and vocational rehabilitation, suggest the possibility of unfunded liabilities on the part of both the State as an employer and the business community. The studies of this committee have suggested that the Workers' Compensation Commission is not managing its caseload in a manner that promotes prompt adjudication of claims. These trends and findings make it an opportune time for a top-to-bottom examination of both Maryland's Workers' Compensation law and the procedures of adjudicating workers' compensation cases. The study commission should pay special attention to the time it takes to resolve cases specific to the classification type of that case. WCC needs to set performance goals beyond what the agency currently expects and focus on achieving goals that better serve all parties to workers' compensation cases.

- **The Commission recommends that WCC transfer its power over self-insured entities to the Maryland Insurance Administration (MIA).** WCC does not have the manpower to devote to this type of rigorous regulation, and it also serves as a distraction to its principal role of adjudicating employee health claims. MIA employs staff trained in actuarial and financial matters who have the expertise to evaluate companies that propose to self-insure. MIA must adopt proper regulations by which these self-insurers abide.

## BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS

- Employees who rely on WCC to obtain financial and medical benefits will better trust the system if WCC sets firm and reasonable standards to promptly adjudicate cases.

- These recommendations will help resolve the number of inordinate claim delays that prevent prompt closing of cases. The more control that WCC has over its docket, the better it can meet appropriate performance goals.

- MIA has the institutional knowledge to develop appropriate regulations for self-insurers to follow and trained staff to review proposals for self-insured status.

## OTHER EFFICIENCY RECOMMENDATIONS

- None.

# Report of the Committee to Evaluate Independent Agencies

## SCOPE OF COMMITTEE REVIEW

The Independent Agencies Committee conducted structural evaluations of independent agencies to determine whether an independent agency did indeed function as effectively as possible in its current form or whether the agency and the State as a whole would benefit from consolidation with another entity or from its elimination. After determining the proper location of an agency, the Committee assessed efficiency issues.

In order to evaluate more effectively the agencies assigned to the Committee, these assigned agencies were divided into five (5) topical groups as follows: fiscal, economic development, health and human services, legal/regulatory, and historic/cultural. Each topical area was assigned a member who was responsible for researching the agencies in the topical group and presenting findings to the Committee.

The Committee reviewed organizational charts, financial and performance audit reports by the Department of Legislative Services' Office of Legislative Audits, Fiscal Year 2005 Managing for Results submissions, consolidation studies, program assessments, and an evaluation framework for research and evaluation purposes. The Committee interviewed agency leadership, staff, and interested parties. It also visited certain agencies.

# Maryland Insurance Administration

## AGENCY HISTORY, PURPOSE, AND FUNCTION

The Maryland Insurance Administration (MIA) was created in 1872 and became the State Insurance Department from 1878 through 1970, when it became the Insurance Division functioning under the Department of Licensing and Regulation. In 1993 it became an independent agency. The MIA is organized in accordance with Title 2, Subtitle 1, of the Insurance Article. MIA enforces the insurance laws of the State of Maryland, developing policies, procedures, and regulations as well as implementing laws that affect Maryland's insurance industry. The agency performs rate and form reviews, financial audits, licensing examinations, market conduct examinations, and fraud investigations and prosecutions. MIA also resolves consumer complaints and issues agent, broker, and company licenses. MIA's goals are to enforce Maryland's insurance law, adjudicate consumer complaints, protect the public from unfair trade practices, enforce solvency standards, and streamline licensing procedures.

MIA has a Fiscal Year 2004 budget of $22.5 million and a staff of 296 authorized positions.

## CURRENT ORGANIZATIONAL STRUCTURE

### *Advantages*

- MIA's status as an independent unit of State government allows the agency to focus on enforcement of the insurance laws of the State and its primary function, to regulate insurers and protect consumers. MIA has been effective in discharging its duties, hearing and adjudicating consumer complaints, protecting the public from improper trade practices, overseeing adherence to solvency standards and administering insurance agent, broker and company licensing.
- The agency does not receive funds from the State's general fund to carry out the required duties and responsibilities for administration of insurance regulations. It is specially funded entirely through fees and assessments on regulated entities.
- MIA management recognizes the need to invest and to continue the development of internet-based applications and other information technology systems to administer and to serve the requirements of regulation and to interact timely with consumers and industry and to create more efficiency.
- MIA is well regarded by the rating agencies and it is important for the State as a whole to maintain that regard and reputation.

### *Disadvantages*

- Since MIA is an independent agency that is relatively small in size, it must duplicate many of the administrative services already available in larger agencies.

- The Department of Labor, Licensing and Regulation's (DLLR) Division of Financial Regulation regulates and examines banks, credit unions, mortgage lenders and consumer lenders, while the Workers' Compensation Commission (WCC) and MIA both provide specific, regulatory oversight for workers' compensation insurers. Both MIA and WCC are funded through assessments of insurers, but maintain separate facilities, systems and personnel in their separate roles. Thus it can be argued that there are certain redundancies and a loss of potential economies through the current independent status of these agencies.

## RECOMMENDATIONS

- **MIA should remain for now as an independent agency to focus on administering and regulating the area of insurance for several reasons.**
- **A study should be performed of MIA, DLLR and WCC since each maintain separate personnel and operations where similar needs could be combined.** There appears to be an opportunity for greater efficiencies through combining certain support functions including human resources, information technology (IT) support, through sharing facilities such as hearing rooms, and procurement, while allowing these agencies to maintain their current independence.

### BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS

- Consolidation of duplicative functions or facilities would create efficiencies.
- Agencies will remain independent allowing them to maintain concentration on the vital yet disparate responsibilities each of them must discharge.

### OTHER EFFICIENCY RECOMMENDATIONS

- **MIA should continue to explore, enhance, and whenever practical, invest in additional technology based systems and evaluate opportunities for savings.** Just this year, the agency determined that the Initial Producer Licensing function that is now performed by a contract provider should be brought back in-house for an estimated cost savings of over $1 million. The new administrators are focused on goals and objectives.
- The agency recognizes that various other agencies and departments have similar operating functions. While this report does not recommend consolidation of the agency with DLLR or any other agency today, it does appear that facilities, human resources and areas such as purchasing could be combined with one or more other agencies to create greater efficiency. For example, certain similarities exist between MIA and DLLR's Financial Regulation such as oversight and regulation in regulating industries by conducting financial and market examinations, issuing licenses and investigating fraud.
- A study should be undertaken to consider the opportunities to merge or consolidate certain functions, such as personnel and training for MIA and WCC since each agency regulates insurers. MIA and WCC lease and occupy multiple facilities in Baltimore City, while both MIA and WCC utilize hearing rooms.
- An evaluation should be conducted to determine the best location from which to administer oversight for the Maryland Health Care Commission and the Maryland Health Insurance Plan.

## State Lottery Agency

### AGENCY HISTORY, PURPOSE, AND FUNCTION

A constitutional amendment in 1972 permitted the creation of the State Lottery Agency (Lottery). The agency conducts statewide lotteries for instant, daily, keno and lotto games, as well as the multi-jurisdictional game and two subscription games. The mission of the State Lottery is to provide revenue to the State's general fund and the Maryland Stadium Authority through the sale of such products. The State Lottery Commission, consisting of five appointed members, has oversight authority for the operations of the agency. The agency functions include, but are not limited to: administration, financial and operation of the agency itself; product security, ticket claim and sales services; recruiting of lottery outlets, education of the public and lottery agents, and monitoring of retail locations; oversight of independent contactors to operate the gaming machines and systems; development, production and monitoring of marketing strategies and tactics; development of game products; and marketing research.

The Lottery has a Fiscal Year 2004 budget of nearly $51 million and staff of 173 authorized employees.

## CURRENT ORGANIZATIONAL STRUCTURE

### *Advantages*

- As an independent agency, the Lottery retains flexibility to respond promptly to external, market forces as they develop. The State Lottery is unique in that it seeks to generate revenue in the traditional retail bastion of private enterprise, and thus needs to be able to react quickly to the whims of the purchasing public, and to external competition. Certain operational flexibility is required with adequate control and oversight.

### *Disadvantages*

- The agency's independent status can also lead to a relaxation of certain standards generally held to be the norm for State agencies. On the other hand, it is precisely the agency's participation in the for-profit retail marketplace that mandates a greater regard for and adherence to policies and processes that will measure up to the scrutiny of financial and operational audits and reviews. Indeed, the increase in ticket sales from $41.3 million in 1974 to over $1.3 billion in Fiscal Year 2003 is ample justification alone for greater oversight of the agency. The Lottery is a huge enterprise and the complexities of managing and controlling the agency must be recognized.

## RECOMMENDATIONS

- **At this time, there is no apparent benefit to be gained from placing the State Lottery Agency under the jurisdiction of another agency, since its mission, functions and responsibilities are different in kind from the missions and functions of other State agencies.** However, in the event that slots or other gambling legislation is enacted, it is recommended that a State gaming commission should be created with significant powers to provide structure and oversight for gaming responsibilities for both the statewide lottery and State operated slots operations.

## BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS

- Consistent and efficient oversight of State run gaming operations.
- Ability to learn and implement private sector efficiencies in State operations.
- Centralization of administrative functions, including accounting, financial operations, human resources, budget management, procurement, facilities management and information technology.

## OTHER EFFICIENCY RECOMMENDATIONS

The Commission recommends several actions to improve the operation and accountability of the Lottery:

- **Create an audit committee with an auditing function interacting with the agency, but with direct reporting to the State Lottery Commission.** If and when changes to State law provide for slots operations, have the committee report to the gaming commission.
- **Strengthen the authority and powers of oversight for the State Lottery Commission to provide added oversight to ensure compliance to all sound operating procedures and practices.**
- **The agency should ensure that all operations and procurement are operated in a sound manner consistent with all required and acceptable practices and standards.**
- **The agency must systematically provide meaningful responses to the legislative auditors and make improvement a top priority**. In its December 2002 report, the legislative auditors concluded that the agency's "accountability and compliance level was unsatisfactory…" One of the reasons for this determination was that over half of the audit findings were a repeat of findings made in the prior audit (December 1999), which had not been satisfactorily addressed. Given that the agency is responsible for the generation of over $1.3 billion in ticket sales, it is imperative that administration and oversight be of the highest quality. The audit committee must function and be independent of management regarding ultimate accountability, and should be charged with ensuring implementation or monitoring of all recommendations made by the State. The current management has indicated that significant strides have been taken to answer and respond to two recent legislative audits. That assertion requires verification and continued monitoring.
- **Appoint an internal auditor with appropriately written job description and authority.** The function would work with management, but should have final accountability to the audit committee and to the Lottery Commission Chairman.
- **The agency should utilize a compliance officer, particularly to review contracting with third parties, to ensure that State policies and procedures are strictly followed.** It appears from the December 2002 audit report that there were issues with respect to contract procurement, contractor oversight, contractor subcontracting with related parties and other matters which could have been avoided through the appointment of a compliance officer well versed in contract procurement, negotiation, and oversight.
- **Review terms of long-term contracts and ensure that all required compliance measures are adhered to with vendor contracts.** Third party vendor contracts should be structured such that as a matter of course the agency retains not only the ability to terminate the contract for cause, but also the right to terminate or opt out of contracts early, even if such provisions require the negotiation of a termination fee. The point is that the agency must retain and maximize flexibility to ensure that its vendors not only perform above a contractual default level, but also meet the highest expectations of the agency throughout the term of the contract.
- **Strengthen the position of the security officer and establish a dialogue and regular liaison and a relationship with the Maryland State Police to improve security and to react to theft or any defalcation or abuse that is uncovered.** Develop an internal

system to monitor and screen employees prior to hiring and a routine testing method to ensure integrity exists at all levels of operations.

- **The agency should work closely with other states to ensure that Maryland is operating the business and operations of the Lottery in accordance with best industry practices and policies to maximize the efficiencies and to maintain sound operations within the State Lottery Agency.**
- The Racing Commission, which functions administratively under the control of the Department of Labor, Licensing and Regulation was not an agency within the responsibility of the Independent Agency Committee. During deliberations and through conversations with members of this Commission there were discussions and individual recommendations to include the Racing Commission or to comment on it. These discussions concerned the various roles involving gaming and horse racing industry issues that could come before them under the new concept of a gaming commission. **Since the horse racing industry is so important to the State with various interests and concerns to be considered, it is not recommended at this time to combine the Racing Commission with a proposed gaming commission.** However, it appears that the horse racing industry's issues and the Racing Commission should be studied further for possible consideration to be placed under a State gaming commission at some point in the near future.
- The net revenue of the agency as a percentage of gross sales has declined steadily in recent years. **An independent study should be commissioned by the agency and the Lottery Commission to study the operations of the agency to determine what is causing this erosion.** In the years since 1997, in which the gross sales have consistently topped $1 billion annually, the steady decline raises questions regarding operational efficiencies.

## State Retirement and Pension System of Maryland

### AGENCY HISTORY, PURPOSE, AND FUNCTION

The Maryland State Retirement Agency (SRA) was created by the Legislature in 1927 as the Teacher's Retirement System and has evolved over the years into a defined benefit system that serves over 250,000 active and former State employees and teachers as well as over 100 other local government employers.

The State Retirement and Pension System consists of twelve major systems with combined membership of over 320,000 members and retirees in a system that covers State and local government employees, teachers, State police, correctional and law enforcement officers, judges and legislators. This system provides for these members and their families death, disability and retirement benefits.

The broad objectives and purposes of the SRA are to provide investment administration and benefits administration for the entire State Retirement and Pension System.

SRA has Fiscal Year 2004 budget of $20.3 million. The agency has a staff of 168 authorized positions.

## CURRENT ORGANIZATIONAL STRUCTURE

### *Advantages*

- The agency functions under the policy direction of the Board of Trustees, which is responsible for the investment system for assets. As an independent agency under that Board, the agency is structured to avoid potential for conflict of interest and to avoid undue pressure from undue influences. The actions of the Trustees are accountable only to the participants of the State system and to tax payers. Certain members of the Board of Trustees serve as members set forth by statute.
- The independence of the agency from an executive department is viewed favorably by the bond rating agencies. The State's current bond rating is AAA.
- Budgetary and staffing resources do not compete with other divisions and that independence was created to allow the Board to function appropriately and timely under its fiduciary responsibilities. The agency undergoes a budgetary process but does not compete for general funds, as the agency's funding comes from the investment trust fund.

### *Disadvantages*

- While it appears to have been prudent to consolidate the various Retirement and Pension Systems' services over the years, it has created a very complex and specialized organization that now is experiencing major difficulties and operational challenges. It is difficult for SRA to manage and control the system's vast operational aspects in a timely, effective and efficient manner while serving all the needs of participants and the State efficiently without careful study and change. It must be noted that the current management is working diligently to function routinely on a day-to-day basis under these difficult and cumbersome circumstances. It must serve the daily needs of participants, while at the same time attempting to rebuild the organization and function with its outdated systems and processes.
- The diverse needs of certain, small groups of participants affect the operations and processes of the organization, because manual processing is often required to administer these segments of the benefit program.
- The configuration of the retirement and pension code results in the agency administering twelve (12) separate plans of participating governmental units. The system is hampered by having to maintain all these plans, each with separate rules and requirements. According to Cortex, a consulting firm hired by SRA to assess the system, Maryland administers one of the most complex State pension systems in the nation.

## RECOMMENDATIONS

- **Even though the agency recognizes the enormous issues and challenges of being hampered with outdated information technology (IT) systems to support the system, it is recommended that SRA obtain approval to engage a nationally recognized consulting firm to conduct a major study to analyze the systems strengths, weaknesses, opportunities, and threats and make recommendations on the**

**development and implementation of a modern technology system to support the Retirement System's needs.** This should include consideration of whether it may be more cost effective and user efficient to outsource one or more aspects of the IT system, including servicing to a third party service provider.

- Appropriately, the agency is recommending legislation to correct some of the pitfalls contained in certain, obsolete provisions of the current code and to close certain loopholes to bring the system's plans and benefits in line with current consumer, industry, and organizational requirements.
- Many current processes for some functions require manual operations. These processes require documentation and steps should be taken to computerize these manual functions in the near future, as current employees possess valuable institutional knowledge of current operations.
- After SRA meets its IT challenges, the Maryland Supplemental Retirement Plan could be merged into SRA; thus creating one agency to handle all retirement and pension benefit issues. It is recommended that the consultant recommended above also study the Maryland Supplemental Retirement Plan and a possible merger.

## BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS

- The agency's funding comes directly from the Investment Trust Fund and no general funds are required. Improvement will reduce State liability and increase the investment pool.
- Participants should have immediate access to accurate information on-line on a 24 hour-a-day/7 day-a-week basis.
- Further study and implementation of machine processing will increase accuracy and ensure better control while improving the delivery of services. Additional actions can save money and improve control. As an example the agency has already moved to eliminate manual payment processing by replacing manual checks with electronic fund transfer thereby reducing postage, and associated costs.

## OTHER EFFICIENCY RECOMMENDATIONS

- The agency should move to consolidate and develop electronic systems for similar or related operational functions where possible.
- **Consider outsourcing certain functions and duties where appropriate, as has been done for management of investments, while maintaining adequate control and oversight authorities**.
- The Board of Trustees and the agency have already undertaken certain measures to stabilize the current operations of their complex and outdated systems. By modernizing all operational aspects, especially benefit administration, the agency will be able to function and support the Retirement System's responsibilities going forward in a sound manner with achieving best practices and results being their goal.

- More support and the authority to conduct studies to develop and change various systems and the organization will be required for the system. There appears to be significant

opportunities for greater efficiency and effectiveness once their system and organization is modernized to accomplish their purpose as a fully functional agency.

## Maryland Supplemental Retirement Plans

### AGENCY HISTORY, PURPOSE, AND FUNCTION

The Maryland Supplement Retirement Plans (MSRP) were created to enable State employees and teachers to participate in voluntary tax-sheltered income deferral, tax-deferred annuity, 401(k), and similar salary reduction plans. The plans offer members certain tax advantaged saving instruments as provided for in the Internal Revenue Code. Agency staff provides communication programs and material to State employees, supports the activities of the Board of Trustees in selection of investment options and other activities, and manages the 401(k) transfer plan. The Board finances its operation through a fee imposed on the employee participants, based on a percent of assets in the plans. The board has contracted out the management of the 457, 403(b), and 401(k) deferral plans to Nationwide Retirement Solutions (formerly PEBSCO), a private administrator.

MSRP offers plans as provided under sections 457, 401(k) and 403(b) of the Internal Revenue Code.

MSRP has a Fiscal Year 2004 budget of nearly $1.4 million and 16.5 authorized positions.

### CURRENT ORGANIZATIONAL STRUCTURE

***Advantages***

- This small agency was created to provide certain retirement benefit options for State employees and teachers. A fee imposed on the participants funds the operation. Currently, 85% of eligible employees participate in plans administered by a relatively compact agency.

***Disadvantages***

- The agency provides services very similar to the State Retirement Agency. The State Retirement and Pension Agency (SRA), functioning under the Board of Trustees, is responsible for the State's defined benefit retirement and pension system. Both agencies provide retirement services functions.
- While the MSRP provides and maintains communications with employees by providing plan materials, only 56% of eligible employees actually contribute to these deferred compensation plans.
- The MSRP and the SRA both perform retirement functions and any change or consolidation requires legislation. Economies of scale in purpose including manpower, facilities and other resources are not being applied at present.

### RECOMMENDATIONS

- **While planning for the future could be to consolidate MSRP into SRA, it is recommended that such action be postponed until SRA addresses and solves certain, major internal staffing, organizational and operating issues.** However, during the interim, it is recommended that the national consulting firm recommended to study various organizational and systems requirements for SRA should also study the MSRP and the State Retirement Agency. One agency functioning well could be an ultimate recommendation, but that may take time and effort to effect during a period of transition for the SRA.

### BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS

- This study could lead to combined oversight of all retirement and benefit systems for State employees under a single agency operating effectively and efficiently. In Fiscal Year 2000, MSRP had insufficient annual fee revenue to support operating expenses. That shortage created the need to consolidate funds into a larger investment pool thereby increasing revenue and avoiding deficits.
- A re-engineered agency could result from consolidation including facilities, overhead, administrative management, personnel functions and systems development, and management economies.

### OTHER EFFICIENCY RECOMMENDATIONS

- **Steps should be immediately undertaken to increase contributions by eligible participants to increase the 56% level of eligible participants**.
- Collaboration and exchange of ideas between the MSRP and the SRA management and Boards should be fostered and encouraged, as both can benefit from such exchange since the overall recommendation may ultimately be to consolidate the two agencies. Wherever possible, the agencies should exchange ideas, plans, and resources in the interim while the study to consolidate takes place.

## Inter-Agency Committee for Public School Construction

### AGENCY HISTORY, PURPOSE, AND FUNCTION

The Inter-Agency Committee on Public School Construction (IAC), which consists of the Secretaries of the Departments of General Services and Planning, and the State Superintendent of Schools, who chairs the Committee, was established to supervise public school construction in Maryland with the approval of the local government. The agency also manages the Aging Schools Program, which was established in 1997 to provide funds (without local matching funds) for capital improvements, repairs and maintenance projects at existing public school buildings. An Executive Director, who is appointed by the Committee with Board of Public Works approval, manages day-to-day functions of the Committee and its staff. Such functions include providing support through technical assistance, project monitoring, executing funding constraints, providing procurement services and managing debt disposition. In consultation with local school board staff, the Committee approves, defers, or modifies a school system's proposal

after submission of its annual capital improvement program for the following fiscal year, and an updated continuing five-year plan. The Committee then submits a consolidated statewide capital improvement program with recommendations to the Board of Public Works, which acts at a special public meeting each January. The goals of the agency are to ensure that all capital projects for school facilities provide safe and educationally supportive environments, adhere to the principles of comprehensive planning, development management and Smart Growth, and attain the goals of specific divisions within each contributing agency that comprise the Committee

IAC has a Fiscal Year 2004 budget of nearly $16.1 million and 17 authorized staff positions.

## CURRENT ORGANIZATIONAL STRUCTURE

### *Advantages*

- The current IAC role is to allow the coordination and exchange of input into the decision-making process and to determine which projects are recommended for State funding.
- Through interactive consultation between the three State agencies, IAC approves, or modifies a school system's proposal, after submission. The Committee then submits a consolidated capital improvement request for a given fiscal year, and develops a five-year plan. This interaction ensures that school construction satisfies the different goals of State government.

### *Disadvantages*

- Public School Construction must keep pace with projected public school enrollment increases, which may increase at double-digit rates. This new growth will severely affect the ability of IAC as currently constituted to accommodate such growth requirements for new projects.
- It could also be argued there certain necessary synergies exist between the Maryland State Department of Education (MSDE) and IAC, since they are located in the same building and share certain personnel from time to time. Also, MSDE's Director of School Facilities Branch is currently serving a management role at IAC, since funding and salary issues have hampered hiring a full time person.

## RECOMMENDATIONS

- **While the Interagency for Public School Construction is an independent agency for consulting on public school construction with interaction among the Maryland Department of Planning, MSDE and the Department of General Services, it is recommended that the Maryland Stadium Authority should be renamed as the State Construction Management Authority with duties of its components consolidated therein. Further, it is recommended that the Interagency for Public School Construction be merged into the newly named State Construction Management Authority.**

## BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS

- The Maryland Stadium Authority has demonstrated success in designing and implementing large construction projects such as the Oriole Park at Camden Yard, the Baltimore Ravens' football stadium, the Comcast Center at the University of Maryland College Park, and currently the Hippodrome. The Stadium Authority has a track record and a reputation of bringing projects in on time and on budget and the consolidation of the Stadium Authority and IAC will make its construction expertise available to the State school construction process. Such expertise should improve the design and execution of school construction projects and achieve considerable savings.
- The Stadium Authority has a capable and experienced staff and the ability to allow consolidation. The total number of staff positions, when combined, should represent an overall reduction in current positions, while drawing upon the experience of the Stadium Authority.
- Oversight, design and contract management are major strengths of Stadium Authority and economies should be recognized for planning, design and overall construction costs for State.
- The Local Education Agencies and the entire system should benefit from statewide coordination of all public school construction processes, while providing a forum for interaction and consultation.
- There should be a level of independence and overall objectiveness associated with the entire process of school construction from planning, design and contracting to construct, follow-up and project oversight.

## OTHER EFFICIENCY RECOMMENDATIONS

- The functions and services now existing and operating create redundancies that can be eliminated.
- While both the IAC and the Stadium Authority can be proud of their achievements, by combining the two agency group functions, there is even greater opportunity to save on each of the inherent processes that go into building or improving a public school.
- Maintaining one, talented group of people for the construction and consultation for public schools should actually strengthen and improve the economies of scale and costs including the quality of the schools being built or improved. This recommended reorganization should help the Local Education Agencies improve their school construction projects and optimize their school construction funding.
- Recent hiring issues seem to suggest that there exists an inability to hire qualified persons for certain, administrative staff positions. IAC should focus on attracting qualified applicants for these key positions.

# Maryland Stadium Authority

## AGENCY HISTORY, PURPOSE, FUNCTION

The Maryland Stadium Authority was created in 1986 to locate sites for sports stadiums in Baltimore City and to coordinate the acquisition, construction, and operations of those stadiums (Chapter 283, Acts of 1986). The original mission of the agency was to provide expertise to the officials of the State and the subdivisions throughout Maryland for design, finance, and construction of state-of-the-art, high quality sports facilities, convention and conference centers and arts/entertainment venues on time and on budget. However, the mission has been expanded in recent years to include development and oversight of educational facilities as well as other projects.

The Maryland Stadium Authority has a Fiscal Year 2004 budget of approximately $97.1 million and 83.5 authorized positions.

## CURRENT ORGANIZATIONAL STRUCTURE

### *Advantages*

- The Authority does not participate in the State's merit personnel system so it has the flexibility to hire the type of employees it needs for specific assignments and to discharge them when the need no longer exists. All employees serve at will. It has been able to develop a cadre of workers who very efficiently accomplish the Authority's program of work.

### *Disadvantages*

- Its name does not accurately reflect the work it does. It is a construction manager for various projects as well as the "landlord" for the two stadiums in Baltimore.

## RECOMMENDATIONS

- **The Authority's name should be changed to the Maryland Construction Management Authority and that it be reorganized. Since it oversees the construction of some educational facilities, it is felt that it should be merged with the Interagency Committee for Public School Construction.** It has developed expertise, which could be made available to local school boards, could make the construction process more efficient and perhaps, through development of prototype school plans, reduce architectural fees and construction costs.
- **The convention facilities in Ocean City and Baltimore City, which are under the Authority's jurisdiction, operate at deficits and require a significant expenditure of the Authority's funds. If feasible, funding and oversight for these facilities should be transferred completely to the jurisdiction where they are located. Otherwise, these functions should be transferred to the Department of Business and Economic Development.**

- A study should be conducted to determine whether or not the fees and other income that Authority receives for the services that it renders to the sports stadiums are commensurate with the services provided.

### BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS

- School construction funds would go further if the construction process could be made more efficient and more cost effective.
- The financial drain on the State for the convention facilities would be reduced if local governments than the State absorbed the deficits of these facilities.

### OTHER EFFICIENCY RECOMMENDATIONS

- None.

## Subsequent Injury Fund Board

### AGENCY HISTORY, PURPOSE, AND FUNCTION

The Subsequent Injury Fund (SIF) and its Board (SIFB) were established to limit the liability of an employer who hires a disabled individual who subsequently dies or becomes permanently disabled because of the combined effect of an injury on the job and a prior disability or impairment. On qualifying claims, the liability of employers' insurers is limited to compensation for the damages caused by the current injury and SIF incurs all additional liability from the combined effects of all injuries and/or conditions. The Board reviews and investigates workers' compensation claims that involve pre-existing health conditions that substantially increase the disability of injured workers. SIFB processes payments from the fund to injured workers, and is responsible for defending the Fund's resources against improper use, ensuring that adequate funds are available to pay claims, and ensuring that the ratio of total Fund expenditures to total collections remains less that 1:1. To support the Fund, SIFB assesses all permanent disability payments made on workers' compensation claims at a rate of 6.5%.

SIF has a Fiscal Year 2004 budget of nearly $1.8 million and 17.6 authorized positions.

### CURRENT ORGANIZATIONAL STRUCTURE

***Advantages***

- Efficient Operation: The SIF is operating in an effective and efficient manner, as evidenced by the excess of revenues over expenditures in Fiscal Year 2003 of almost $3.5 million, the processing of approximately 22,000 benefit payments annually, and the resolution of approximately 1,000 cases each year, all for an agency operating on expenditures of approximately $1.7 million per year.

- The SIF was created and acts as a separate entity in recognition of the specialized cases it handles for a specific constituency, and the need for a specific fund to address those needs, free from the conflicting interests of other similar though separate funds (e.g. Uninsured Employers' Fund).

***Disadvantages***

- As a small agency with limited personnel, equipment and space needs, there exists the possibility of a lack of economies of scale with respect to matters such as administrative staffing, human resources, equipment, information technology, and space costs and utilization.

## RECOMMENDATIONS

- **No recommendation is offered with respect to merging the agency or placing it under the jurisdiction of another agency** although certain members of the Adjudicatory Committee feel that future consideration could be given to a consolidation of the Fund back into the Workers' Compensation Commission. The SIF must maintain its integrity in furtherance of the agency mission. Moreover, the SIF appears to be operating in an effective and efficient manner.

- **The recommendation is offered that the Subsequent Injury Fund and the Uninsured Employers' Fund consolidate their operations into a singular physical location and utilize certain equipment and staff members to a greater level of efficiency.**

## BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS

- This recommendation preserves the independence and integrity of the two funds as urged by the Funds' directors and the Chairman of the Workers' Compensation Commission.
- The two agencies already share many administrative functions and even some personnel and are both located in Towson so that further consolidation should not be very difficult.
- Consolidation of locations should result in greater sharing and concomitant efficiencies and economies of scale.
- Economies could accrue from the potential elimination of lease costs.
- Reduction of equipment redundancies should create efficiencies.
- Additional staff coverage should be available and certain routine functions such as human resources and information technology should be more effective.
- The recommended action would not require legislation, since the Funds and their Boards would retain independence.

## OTHER EFFICIENCY RECOMMENDATIONS

- **We recommend further study to determine whether one board could preside over both funds, and still maintain the independence and integrity of the funds.**

- **We recommend further study to determine whether one director could preside over both funds, and still maintain the independence and integrity of the funds.**

- **We recommend that immediate, proactive steps be taken to ensure that disaster recovery programs are current and feasible, particularly with respect to information technology.**

## Uninsured Employers' Fund Board

### AGENCY HISTORY, PURPOSE, AND FUNCTION

The Uninsured Employers' Fund Board (UEFB) reviews and investigates claims filed by employees, or in the case of death, by their dependents. If the employer does not pay what is due the claimant, the compensation benefits and medical expenses will be paid directly from the Uninsured Employers' Fund (UEF), and UEFB will attempt to recover all benefits paid plus certain assessments from the uninsured employer. Thus the Board reviews and investigates workers' compensation claims that involve uninsured employers, processes claims in which an injured worker wins a decision against an employer that does not have workers' compensation insurance, and also processes claims in which a self-insured employer becomes insolvent.

To support the Fund, UEFB assesses all permanent disability payments made on workers' compensation claims at a rate of 2.0%. (This rate was recently increased from 1% per legislative guidelines that allow for a 1% increase in the rate should the Board find that potential losses are exceeding the reserves of the Fund.)

UEFB has a Fiscal Year 2004 budget of approximately $945,000 and a staff of 12.

### CURRENT ORGANIZATIONAL STRUCTURE

***Advantages***

- Efficient Operation - The Fund is operating in an effective and efficient manner, as evidenced by the processing of approximately 2,200 benefit payments annually, and the resolution of approximately 1,000 cases each year, and the positive comments it has received from the Legislative Auditors.
- The Fund was created as a separate entity in recognition of the specialized cases it handles for a specific constituency, and the need for a specific fund to address those needs, free from the conflicting interests of other similar though separate funds (e.g. Subsequent Injury Fund).

***Disadvantages***

- As a small agency with limited personnel, equipment and space needs, there exists the possibility of a lack of economies of scale with respect to matters such as administrative staffing, human resources, equipment, information technology, and space costs and utilization.

## RECOMMENDATIONS

- **No recommendation is offered with respect to merging the agency or placing it under the jurisdiction of another agency.** The Fund must maintain its integrity in furtherance of the agency mission. Moreover, the Fund appears to be operating in an effective and efficient manner. (Please refer to SIF report for further consideration to consolidate agency back with the Worker Compensation Board at some future date, as discussion with the Adjudicatory Committee generated good suggestions and benefits possible through consolidation.)
- **It is recommended that the Uninsured Employer's Fund and the Subsequent Injury Fund consolidate their offices and operational functions into a singular physical location.**
- Self-insured employers should meet a very rigid test when providing assurances to the State about self-insuring worker compensation risks and should be closely monitored by the Maryland Insurance Administration. At this time, it is uncertain whether UEF has the staff or the expertise to provide assurance that self-insured employers are providing protection for their employees.

## BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS

- This recommendation preserves the independence and integrity of the two funds.
- The two agencies already share many administrative functions and even some personnel and both agencies currently reside in Towson, so that further consolidation should not be too difficult.
- Consolidation of locations should result in greater sharing and concomitant efficiencies and economies of scale.
- Potential elimination of lease costs should create efficiencies.
- Reduction of equipment redundancies should create efficiencies.
- Additional staff coverage should be available.
- The recommended action would not require legislation, since the Funds and their Boards would retain appropriate independence.

## OTHER EFFICIENCY RECOMMENDATIONS

- **We recommend further study to consider whether one board can preside over both funds, and still maintain the independence and integrity of the funds.**

- **We recommend further study to consider whether one director can preside over both funds, and still maintain the independence and integrity of the funds.**

- **We recommend immediate, proactive steps to ensure that disaster recovery programs are current and feasible, particularly with respect to information technology.**

# Health Claims Arbitration Office

## AGENCY HISTORY, PURPOSE, AND FUNCTION

In 1976, the Health Claims Arbitration Office (HCAO) was established to process for mandatory arbitration all medical injury malpractice claims in excess of $25,000, and more recently to provide a process for neutral case evaluation of such claims. Each eligible medical malpractice claim is heard by a three-person panel of arbitrators (chosen from a list of qualified arbitrators supplied by the Director of the Health Claims Arbitration Office), including an attorney, a health care provider, and a public member. The panel determines who is liable with respect to the claim and, if a health care provider is liable, considers and assesses damages. To reverse or modify the award, the rejecting party must file an appeal with the Circuit Court. Any party may elect to waive arbitration and file a complaint at the appropriate Circuit Court.

HCAO has a Fiscal Year 2004 budget of $664,038 and 11 authorized positions.

## CURRENT ORGANIZATIONAL STRUCTURE

### *Advantages*

- This independent agency attempts to serve the laudable goal of responding to the medical malpractice crisis, which arose in the mid-1970's by (a) requiring a Certificate of Merit by an attesting physician, (b) requiring arbitration for all medical malpractice claims in excess of $25,000, and (c) offering neutral case evaluation in all instances.

### *Disadvantages*

- Permitting unilateral waivers since 1995 has allowed either party to waive the arbitration phase and proceed directly to the appropriate Circuit Court, thereby drastically reducing the effectiveness of the agency. Thus the agency is left largely to determine that Certificates of Merit have been properly submitted, and to act as a repository and reporting agency with respect to medical malpractice claims. The Office was established to encourage alternative dispute resolution involving medical malpractice cases and it appears that the HCAO primarily serves only a limited function of sending copies of medical malpractice complaints to the Board of Physician Quality Assurance.

## RECOMMENDATIONS

- **Based upon the review of the Committee on Independent Agencies and after further consultation with the Adjudicatory Committee of this Commission, it is recommended to abolish this office.** While it appears that the agency is run in an efficient manner by a seasoned and talented Director, the passage of time and events has undermined the ability of the agency effectively to satisfy the legislative intent in its creation. Two committees of this Commission make this recommendation after discussion with malpractice litigants to determine their views on the desirability and

effectiveness of mandatory arbitration coupled with a unilateral right by either party to waive arbitration.

### BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS

- Would result in a savings of nearly $600,000 per fiscal year in State general funds.
- Agency only resolves approximately 15 cases per year through arbitration panels.
- Questionable whether potential litigants will utilize neutral case evaluation.
- Unilateral right by either party to waive arbitration and proceed directly to Circuit Court undermines the effectiveness of the agency.

### OTHER EFFICIENCY RECOMMENDATIONS

- Need to address best body to maintain records of medical malpractice claims filed, and to respond to requests therefore. That function should be referred to the Clerk of the Court's office or another agency.

- Need to address best body to determine proper submission of Certificate of Need.

## Canal Place Preservation and Development Authority

### AGENCY HISTORY, PURPOSE, FUNCTION

The Canal Place Preservation and Development Authority, herein referred to as the Authority, was established by legislation in 1993 as an independent agency of the executive branch of the State government to create a showpiece of historic preservation in Cumberland to promote tourism and economic development. The Authority has six members appointed by the Governor: one of whom is designated as the Chair; one represents the U.S. Department of the Interior; one represents the Maryland Historical Trust; one represents the Mayor of Cumberland; and one represents the City Council of Cumberland.

The Authority employs four staff members as well as independent contractors on a regular basis, including one facilities manager and one construction manager.

The mission statement reads "[the Authority] is to be the catalyst for the preservation, development, and management of the lands adjacent to the C&O Canal in Cumberland, and be the advocate for the preservation and development within the Canal Place Preservation District and the greater Cumberland area for a the purpose of enhancing heritage tourism in Western Maryland."

The Authority maintains a working partnership with the following agencies: the National Park Service; the U.S. Army Corps of Engineers in the development and operation of the rewatered canal basin; the Maryland Historical Trust in advising on historical and archeological matters;

the City of Cumberland and Allegany County regarding development issues; and other agencies regarding marketing and programming activities.

Commercial space for shops has been built; however, some reports state that the anticipated rents are not being realized. The project has not yet been very successful in attracting tourists or the local support to make it self-sufficient, but chairman J. Glenn Beall believes that situation will change in the next few years. The Authority is currently working with a private developer to build a hotel/restaurant/museum complex using private investment totaling $10 to $12 million.

Representatives of the Authority feel that the project should continue as an independent agency, but if a new department combining parts of the Department of Business and Economic Development (tourism), Department of Housing and Community Development (historical and cultural programs), and Department of Natural Resources (State parks), were created Canal Place would become a natural part of that new department as its functions correspond to those found in all three of these existing departments.

Canal Place has a Fiscal Year 2004 budget of $401,057. The Authority also has 4 authorized positions. Proposed future projects, if funded, would cost the State approximately $2,217,000.

## CURRENT ORGANIZATIONAL STRUCTURE

### *Advantages*

- Western Maryland needs economic stimulus. The historic aspects of the area should indeed to be preserved. The Canal Place Authority provides such stimulus and preservation.

### *Disadvantages*

- The anticipated public appeal has not yet been realized and the project continues to be a drain on the State's resources. Canal Place is unusual in that it is a development project and an historic site that functions as an independent State agency. For instance, all other sites under the Maryland Heritage Areas Authority operate under the administration of the local jurisdictions where they are located. Canal Place's budget far exceeds those of these other sites.

## RECOMMENDATIONS

- **A plan should be developed to phase-out State involvement in Canal Place at some point in the future, after the infrastructure is completed.** The General Assembly **should review annually the appropriation for Canal Place and the plan for phase-out. At** such time it may be appropriate to merge Canal Place with the City of Cumberland or Allegany County, where it could be an integral part of the entity's tourism and economic development program.

- **If it is determined that Canal Place should remain a State entity but not an independent one, consideration should be given to merging Canal Place with the**

**Department of Business and Economic Development (DBED) because DBED's primary mission involves tourism and economic development.**

### BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS

- At the time in the future when State support can be phased out, the financial drain on State resources will end and the project should dovetail well with other tourism and economic development activities of the local jurisdictions. This recommendation is consistent with language that the General Assembly adopted language during the 2003 legislative session that requires State funding for Canal Place to be phased out.

### OTHER EFFICIENCY RECOMMENDATIONS

- Although the Rocky Gap Resort and the adjoining amphitheater were not specifically part of this Committee's study, it is recommended that consideration also be given to turning those entities over to Allegany County or to selling them to the private sector for the same reasons cited above.

## Maryland Higher Education Commission

### AGENCY HISTORY, PURPOSE, AND FUNCTION

The Maryland Higher Education Commission (MHEC) was established in 1988 by the General Assembly to plan and coordinate higher education in Maryland. The commission is comprised of eleven members appointed by the Governor, one student commissioner and the Secretary of Higher Education.

MHEC has the following functions:

- Operates as Maryland's central data collection agent for federal and State agencies as it relates to post-secondary education;
- Develops and updates an overall State plan for higher education;
- Coordinates all post-secondary education for all public and private colleges, universities, community colleges, and career schools;
- Identifies needs, institutional and segmental capabilities and statewide priorities and objectives;
- Coordinates all post-secondary equal opportunity and desegregation efforts;
- Approves academic programs and post-secondary institutions operating in Maryland as well as education benefit programs administered by the federal Veterans Administration;
- Staffs the Maryland Fire-Rescue Education and Training Commission;
- Administers formula funding for community, regional and private colleges and operates a self-insurance guarantee fund for career school students;

- Administers all statewide student financial aid programs (except the College Savings Plans of Maryland);
- Approves and reviews institutional missions using performance and accountability standards developed in cooperation with governmental boards and the Department of Budget and Management;
- Submits recommended annual consolidated operating and capital budgets for higher education;
- Works with colleges, boards and the Maryland State Department of Education toward common goals and needs via the Education Coordinating Committee and K-16 Partnership.

MHEC has a Fiscal Year 2004 budget of $309.4 million. It has 74.6 authorized positions.

## CURRENT ORGANIZATIONAL STRUCTURE

### *Advantages*

- MHEC's mission is broader than other agencies in the higher education field and its independence insulates it somewhat from the internal pressures and politics of academia. MHEC is the policy-making entity for higher education while the Board of Regents of the University System of Maryland functions as an operating "Board of Directors" for these institutions.

### *Disadvantages*

- The current structure diffuses the State's administration of higher education. Many of its suggested changes are advisory only without the power to mandate needed changes. For example, if MHEC decides a college course is unnecessary, it does not have the power to abolish the course. As such, MHEC turns the finding over to the institution's faculty to make the decision to abolish or retain a course. Consequently, some courses deemed unnecessary by MHEC are not eliminated.

## RECOMMENDATIONS

- **It is recommended that a blue ribbon task force consisting of efficiency experts and individuals with business experience as well as educators conduct a thorough study of higher education.** This task force should revisit studies previously made of Maryland's higher education system. The study should cover all aspects of post-secondary education and the bureaucracies that administer it and should have a particular focus on making higher education more efficient. It should analyze prior studies of higher education, namely the Larsen and Rosenberg reports, some of which recommended a consolidated board, and extract salient recommendations in order to simplify governance structures.

- **The Board of Regents of the University System of Maryland should continue its aggressive study of all the institutions in the University System of Maryland to improve the education being delivered.** The Board of Regents has created as a vehicle for such study the Committee on Effectiveness and Efficiency, chaired by the Board's

chairman. Since the charge of this committee is to study the University System of Maryland, it is recommended that the committee include the following items in its study and report on these items within six months to the Secretary of Budget and Management:

- Determine why the cost of higher education and tuition over the years has increased far in excess of the Consumer Price Index and why the cost of attending one of Maryland's universities and colleges far exceeds the national average. From 1994 to 2002, the average national inflation rate was 1.6%. Over the same period, national increases in tuition and fees were 9.6%
- Study the curricula of our State colleges and universities to identify redundant courses, courses with few enrollees, waste, inefficiencies and excessive faculty.
- Study the need for tenure, which often removes the incentive for faculty to be productive or responsive.
- Monitor the teaching loads of professors compared with those of relatively inexperienced teaching assistants.
- Ascertain why tuition increases are such a large component of the response of the State's institutions of higher education to reducing deficits rather than efforts to reduce excess faculty, duplicative courses and those programs and courses that have too few students to justify their continued existence.
- Make a judgment as to whether or not the State is receiving the best possible higher education for our students for the money being expended and make changes where they are indicated.
- With a view toward uncovering waste and abuse, study the practice of our State higher education institutions awarding lucrative consulting contracts to retired faculty and administrators.
- Study ways these institutions can operate more efficiently and employ some of the business management techniques of the private sector. In this context, consider mandating that presidents of the various institutions have business experience as well as academic experience so that they can reap the benefits of management know-how.

## BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS

- Increased efficiencies would enable the best educational product to be delivered for the same or less money.

## OTHER EFFICIENCY RECOMMENDATIONS

- None.

## MINORITY RECOMMENDATION

- Two members of the Commission submitted the following minority recommendation:
  - Morgan State University and St. Mary's College of Maryland should either be included as part of the University System of Maryland or be privatized. Recommended by Louise Lake Hayman, and Lawrence Hogan, Sr.

# State Higher Education Labor Relations Board

## AGENCY HISTORY, PURPOSE, AND FUNCTION

The State Higher Education Labor Relations Board (SHELRB) is a five-member board established by the 2001 General Assembly to oversee employer-employee relations in State institutions of higher learning. Faculty, teaching assistants, contractual or contingent employees and employees assigned out of state are not covered. All of the State's higher education institutions fund the Board through annual assessments. Additional duties include: conducting union elections, certifying election results, adopting regulations, and assisting parties in certain negotiations. To date, there are 47 bargaining units in State institutions of higher learning and elections have been held in more than half of these units.

The SHELRB has a staff of 3 and a budget of $399,369.

## CURRENT ORGANIZATIONAL STRUCTURE

It has been proposed that this Board be merged with the Maryland Higher Education Commission (MHEC). However, it is felt that combining these two entities would give the perception of conflict of interest since MHEC would be perceived as a management entity and SHELRB is supposed be a neutral arbiter between management and labor. SHELRB administers the State Personnel and Pensions Article for State higher education. Decisions of the Board may diverge from the goals and fiscal priorities of MHEC. There may also be a perception of bias if a Board affiliated with MHEC decides cases. Any costs savings would be minimal if this merger took place.

## RECOMMENDATIONS

- **SHELRB should remain an independent agency.**

- **Remove provision in SHELRB's enabling legislation that mandates that persons serving on SHELRB have a higher education background.** Academic employees are specifically excluded from SHELRB's jurisdiction. It only has oversight over maintenance, police, and other non-educational employees. There is no logical reason for excluding from service on the Board persons who do not have a higher education background.

## BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS

- There will be a broader pool of candidates to choose from for this board.

# Office for Individuals with Disabilities

## AGENCY HISTORY, PURPOSE, AND FUNCTION

The Governor's Office for Individuals with Disabilities (OID) was first created in 1977 as the Office for Coordination of Services to the Handicapped. It was reorganized and eventually renamed the Governor's Office for Individuals with Disabilities in 1991. OID coordinates policies related to citizens with disabilities, and monitors and assists the State's compliance with the federal Americans with Disabilities Act. The Office also recommends capital projects to improve access for individuals with disabilities and administers the new Assistive Technology Loan Fund, which provides technical devices to assist those with disabilities.

OID has a Fiscal Year 2004 budget of nearly $2.1 million and a staff of 14 authorized positions.

## CURRENT ORGANIZATIONAL STRUCTURE

### *Advantages*

- With a small staff, OID has been able to serve some of the needs of the disabled community and has served as a "voice" for the disabled within the Administration.

### *Disadvantages*

- Currently, there is a lack of centralized leadership at the State level to develop, coordinate, and implement policies and services for the disabled and special needs communities.
- Throughout State government, there are a variety of programs and policies for the disabled and special needs communities that are administered by a number of different State agencies and units. This dispersion causes fragmentation, unnecessary duplication, inefficiency, inconsistencies among policies, unidentified service gaps, and confusion for those seeking services.

- The Office currently has a limited scope of authority, and is not able to ensure a seamless service delivery system.

## RECOMMENDATIONS

- **Elevate the Governor's Office for Individuals with Disabilities to cabinet-level status through the creation of a new Department of Disabilities and Special Needs in recognition of the Governor's strong commitment to this population. The name of the new department should be broadened to communicate that some people will be served by this new department who are not disabled, but who do have some particular need for State services.**

- **Include the Governor's Office of the Deaf and Hard of Hearing in the new Department.**

- **Review further existing programs, services, and units for the disabled and special needs communities and consider the feasibility of merging them into the new Department.** Units to be reviewed include the Division of Rehabilitation Services within the Department of Education, the Office of Children, Youth and Families, and other programs related to the disabled within the Department of Human Resources and the Department of Health and Mental Hygiene.

## BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS

- To address the lack of centralized leadership and clear policy direction, the new Department will establish a policy arm with authority to accomplish results and provide direction for State policies and programs addressing the disabled and special needs communities.
- Consolidating and/or collapsing programs will result in more comprehensive, responsive, and efficient services and easier navigation for members of the disabled and special needs communities seeking services.
- Creation of the new Department begins the process of creating a more seamless and coordinated delivery system that is more efficient and effective.
- There is a great deal of overlap among the policies and programs serving the disabled and special needs communities and these various resources can be leveraged if brought together in a single department.
- Merger of the Office for Individuals with Disabilities and the Office of the Deaf and Hard of Hearing into a new consolidated department is a politically sensitive issue. However, the Commission believes that this recommendation provides added visibility and stature to all special needs communities, and also improves coordination of policies and services for more effective and results oriented government.
- Creation of a cabinet level Department of Disabilities and Special Needs also demonstrates the Governor's commitment to the disabled community and to fulfilling his New Freedom Initiative for Maryland, an agenda for improving disability programs and services.

## OTHER EFFICIENCY RECOMMENDATIONS

- None.

# Office of the Deaf and Hard of Hearing

## AGENCY HISTORY, PURPOSE, AND FUNCTION

The Office for the Deaf and Hard of Hearing (ODHH) was established during the 2001 legislative session and began operations in Fiscal Year 2003. ODHH advocates and coordinates the adoption of public policies, regulations, and programs that benefit deaf and hard of hearing individuals in Maryland. The agency's responsibilities include: improving access to communication and existing services and programs; providing direct services as appropriate; increasing public awareness of the needs and issues affecting the deaf and hard of hearing; working with State and local officials to ensure access to safety and emergency services; developing a referral service and serving as an information resource; working to promote economic development opportunities and to eliminate underemployment and unemployment of this population; providing a network to channel services; and promoting compliance with laws and policies protecting and serving the deaf and hard of hearing.

ODHH's Fiscal Year 2004 budget is approximately $223,300 and funds two authorized positions.

## CURRENT ORGANIZATIONAL STRUCTURE

### *Advantages*

- The organization has only been operational for one fiscal year, so it is difficult to assess the effectiveness of its current organizational structure.

### *Disadvantages*

- Advocates for the deaf and hard of hearing community argue that this population is not "handicapped," and therefore requires its own unit within the Governor's Office to coordinate policies and services. The deaf and hard of hearing are the only special needs or disabled population that has its own office – all other communities are covered within the Governor's Office for Individuals with Disabilities.

## RECOMMENDATIONS

- **It is recommended that the Office of the Deaf and Hard of Hearing be included in the new department that the Governor intends to create by elevating the Office for Individuals with Disabilities to a cabinet level agency. It is recommended that the name of such a department be broadened to make it clear that the department serves populations that are not disabled, but whose needs the State should address. ODHH should still retain its distinct focus by being a defined unit or division within the new agency.**

### BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS

- It is recognized that the deaf and hard of hearing community have expressed concern about losing their autonomy and joining another agency; however, the inclusion of ODHH into a new cabinet level agency will add visibility and stature to the concerns of the deaf and hard of hearing. Moreover, as a result of this elevation, access to information about services for the disabled and other special needs populations, as well as the coordination of services and policies will greatly improve.
- The recommendation eliminates the perception of special treatment of one population within the disabled/special needs community.
- Further, merging the duties of the Office of the Deaf and Hard of Hearing into a department overseeing all disabilities and special needs will eliminate any duplication of effort and ensure coordination of policies and services applicable to the disabled and special needs communities.
- Creation of a cabinet level department for individuals with disabilities and/or special needs demonstrates the Governor's commitment to the disabled community and to fulfilling his New Freedom Initiative for Maryland.

### OTHER EFFICIENCY RECOMMENDATIONS

- None.

## Office for Children, Youth and Families

### AGENCY HISTORY, PURPOSE, FUNCTION

The Office for Children, Youth and Families (OCYF) was established in 1978 to provide direction and policy recommendations to the Governor concerning the management of Maryland's decentralized service delivery system for children and their families. The agency is directed by a Special Secretary who chairs the Subcabinet for Children, Youth and Families, and is charged with overseeing the coordination and collaboration of Maryland's child-serving State agencies. OCYF does not administer programs or provide services, but evaluates and assesses proposals and allocates funds to local jurisdictions. The goal of OCYF is to foster a seamless system of children's services through a single point of entry in each jurisdiction – the Local Management Board (LMB). OCYF administers the Subcabinet Fund, in the budget of the Maryland State Department of Education, which is distributed as grants primarily through the LMBs.

OCYF and the Subcabinet Fund have a combined Fiscal Year 2004 budget of over $81 million. There are 47 authorized positions.

## CURRENT ORGANIZATIONAL STRUCTURE

### *Advantages*

- OCYF was recently reorganized into four functional teams: Community Collaborations; Policy, Initiatives, and Councils; Research, Evaluation and Data Collection; and Monitoring. The reorganization resulted in a reduction in staff positions, from 72 total positions in Fiscal Year 2003 to 55 total positions currently.
- The new office structure is organized around key functions and eliminates overlap within organizational units – for example, the data collection and research function has been centralized into one (new) team. The revised structure focuses OCYF on coordinating functions that differentiate it from other child-serving operating agencies.
- As an independent unit within the Governor's Office, as opposed to a State agency or department, OCYF can act as a "super-coordinating" agency, working to ensure that there is a continuum of care provided to Maryland children and their families and identifying and recommending actions regarding service gaps, duplications, and/or inefficiencies. Moreover, if other agency heads see OCYF as a competitor, they are less likely to be cooperative.
- The Subcabinet Fund ensures that there is a certain level of monies from each Subcabinet agency that will be spent on children's services. By keeping these monies in the Subcabinet Fund versus the agency budgets, it ensures that these monies will not be used for other purposes (such as operating costs). In addition, the Subcabinet Fund adds visibility to Maryland's child-serving programs and initiatives.

### *Disadvantages*

- OCYF lacks the statutory authority or the "hammer" to keep other child-serving agencies in line and working together toward mutual goals.
- Interagency cooperation currently is dependent on personalities – if the Special Secretary and the other department Secretaries do not work well together, then the entire approach to serving children and families does not work. Therefore, the support and power of the Governor is essential to OCYF's success and the entire child-serving agenda.

## RECOMMENDATIONS

- **The current organization is a vast improvement over prior agency structures and should be maintained.**
- The Special Secretary should be included in Cabinet level meetings.

- **OCYF policy making and coordinating functions should remain in OCYF and not be transferred to another operating agency.** However, the program "Healthy Families," which is an operating – rather than coordinating – function, should be moved to an operating agency, such as the Department of Health and Mental Hygiene or the Department of Human Resources. Healthy Families is a home visiting initiative that supports families during pregnancy and for up to five years after the birth of a child to improve health and social outcomes. There are 17 locations in Baltimore City and 13 counties.

- To illustrate the Governor's support for the current structure, a new Cabinet Council should be created to replace the current Subcabinet. The Council would consist of the heads of the Subcabinet agencies, but would have the Special Secretary as its chair. This arrangement would ensure top-level direction.

### BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS

- Regular high-level meetings where Cabinet secretaries receive direction from the Special Secretary will improve coordination and, will ensure that everyone is working together to fulfill the Governor's policies and objectives.
- These recommendations help to ensure that agencies are not duplicating efforts or working at cross-purposes – thereby fulfilling statutory responsibilities of OCYF and the Special Secretary.
- OCYF will be able to review all policy initiatives that have an interagency impact or impact on a child, whether budgetary, legislative etc. – giving OCYF a stronger voice at the table.

### OTHER EFFICIENCY RECOMMENDATIONS

- The Maryland Partnership for Children should be consolidated into the Office of Children, Youth, and Families since many of its efforts are duplicative of those of other programs and it has outlived its usefulness. A majority of the Partnership's duties are identical to those of the Special Secretary and the Subcabinet. Those that are not duplicative are not worth continuing.

## State Department of Assessment and Taxation

### AGENCY HISTORY, PURPOSE, AND FUNCTION

The functions of the State Department of Assessments and Taxation (SDAT) began in 1878 when the office of the State Tax Commissioner was established (Chapter 178, Acts of 1878). The State Tax Commission replaced the office of State Tax Commissioner in 1914 (Chapter 841, Acts of 1914). In 1959, the quasi-judicial appeal responsibilities of the State Tax Commission were assigned to the Maryland Tax Court and the Commission's administrative duties were assumed by SDAT (Chapter 757, Acts of 1959). SDAT took over administration of local assessment offices in 1973 and bore their full operational costs as well (Chapter 784, Acts of 1973).

SDAT appraises real and personal taxable property at market value and certifies these values to local governments for tax purposes. Maryland is one of a very few states where the assessment process is centralized at the State level. SDAT also administers statewide property tax credit programs and provides business services such as issuing charters and incorporations.

SDAT has a Fiscal Year 2004 budget of nearly $80 million and 695.5 authorized positions.

## CURRENT ORGANIZATIONAL STRUCTURE

### *Advantages*

- Maryland is unusual in the nation in our centralized property valuation function. Keeping this a State function recognizes the problems with local assessment administration by county governments due to a lack of uniformity in valuation. Such a lack of uniformity would not only be a problem in itself, but would distort equitable distribution of State aid formulas based on real estate valuations.
- Combining SDAT with another State agency would not result in significant cost savings. Most of SDAT's staff would have to be retained by the new agency due to the specialized nature of the job. These are jobs, that are difficult to replace through cross-training and that take years to develop the expertise to perform properly.
- In many states, the Uniform Commercial Code (UCC) is handled in the Office of the Secretary of State. In Maryland this office does not have the staff available to handle the volume of work handled by the corporate charter section. The corporate charter and personal property tax sections of SDAT work closely together, sometimes sharing staff, to make sure that corporations file required reports to remain in good standing. The dissolution and revival process of statutorily created entities are tied to the personal property assessment function and the highly acclaimed public access of this information through the Internet is accomplished through an integrated program that would be expensive to separate.

### *Disadvantage*

- There has been some discussion of combining SDAT with the Comptroller's Office in order to provide consolidated State tax information and service. There could be some administrative efficiencies as well with this approach. However, the combination of these agencies could raise the same questions of the subjective assessment process being linked to the revenue collection function as were raised when both functions were combined at the county level. In order to keep the valuation of property above reproach the General Assembly has demonstrated its wisdom in keeping this agency independent.

## RECOMMENDATIONS

The Commission has the following recommendations for the Department of Assessments and Taxation:

1. **Maintain the independence of SDAT.**

2. **Charge a fee for paper extensions for filing personal property returns.**

3. **Allow UCC and personal property filings to be done over the Internet.**
4. **Eliminate the requirement that the local offices in all twenty-four political subdivisions in the state be in the county seat per §2-106 of the Tax Property Article. This change would not remove the requirement to have offices in each**

**subdivision, but would allow the Department of Assessments and Taxation to seek less expensive and more convenient office space within the subdivision.**

5. **Eliminate the requirement that the Department must return the original of certain documents filed during the creation of a business entity.**

6. **Change the requirement that all deeds are presented to the local assessment office in the eleven counties that still have a three-step deed recordation process.**

7. **Begin a pilot program to assess the efficiency and effectiveness of outsourcing some of the real property assessment function.**

## BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS

Listed below are benefits that would result from implementing the ten recommendations listed above:

8. The combination of the Department with another State agency would not result in significant cost savings. Most of the Department's staff would have to be retained by the new agency due to the specialized nature of the job. These are not jobs that are easily replaced through cross-training but take years to develop the expertise to perform properly.

9. In 2003, 42,110 extensions were filed via the Internet and 47,944 extensions were filed by paper. The Department's staff and temporary help had to key in over 57,000 account numbers. If SDAT could charge a fee it would encourage Internet filings and produce savings in staff time.

10. Internet filings will allow the Department to realize savings through reductions in: manual mail processing and data entry and review time of documents submitted. Many other states have already begun this process.

11. Allowing offices to locate outside the county seat would permit the Department to achieve savings by having cheaper office space options and options for office space that are more convenient to the public.

12. The Department currently mails to new business entities an acknowledgement indicating date and time of filing. In addition, a digital image of the filing is available on the department web site. Eliminating the mailing of originals could save approximately $32,000 annually in postage alone along with the staff time involved.

13. This change would eliminate approximately 80,000 unnecessary visits to the local assessment offices when a deed is recorded. This would allow assessment office personnel to concentrate on customers who need the Department's assistance and would expedite the deed recordation process for the public.

14. Permitting a pilot program of outsourcing the real property assessment function will allow the State to evaluate whether this approach can be used more broadly. Many jurisdictions throughout the country use this approach. The State would not be responsible for any benefits and would be paying on a per parcel basis for valuing properties. Permanent staff in this pilot area could focus on new construction and quality control.

### OTHER EFFICIENCY RECOMMENDATIONS

- Other recommendations forwarded by the agency include:
  - Making the fees associated with filing articles of incorporation non-refundable;
  - Allowing the agency to charge credit card fees to those using credit cards to pay their fees; and
  - Requiring business trusts and foreign entities to pay the $300 filing fee.

### MINORITY RECOMMENDATION

- A minority of the Commission recommended that the feasibility of merging the State Department of Assessments and Taxation with the Office of the Comptroller of Maryland be studied in depth. The time available for the Commission's work did not allow it to conduct such an examination. – Recommended by Louise Lake Hayman.

## Commission on Human Relations

### AGENCY HISTORY, PURPOSE, AND FUNCTION

This Commission started as the Interracial Commission in 1927 and was renamed two other times before becoming the Commission on Human Relations in 1969 (Chapter 83, Statutes of 1968). This Commission consists of 9 members who are appointed by the Governor along with an executive director also appointed by the Governor.

The Commission on Human Relations is charged with resolving allegations of discrimination in areas of employment, housing and public accommodations. The Commission also performs community outreach and education to help limit problems before they originate.

The Commission on Human Relations has a Fiscal Year 2004 budget of approximately $3.3 million and a staffing complement of 47.5 authorized positions.

## CURRENT ORGANIZATIONAL STRUCTURE

### *Advantages*

- The Commission on Human Relations has jurisdiction over employment discrimination in State agencies, so remaining independent of those agencies allows it to fulfill its mandate without any perceived undue pressure.

### *Disadvantages*

- The cost per complaint handled is extremely high (e.g. over $3,000 per complaint in Fiscal Year 2003). The agency has twenty-three investigators and over twenty-six other staff. Combining it with another agency such as the Attorney General's Office may produce efficiencies in information technology, personnel and administration that would reduce this high cost per complaint. In addition the Commission is paid per complaint handled by the Federal Equal Employment Opportunity Commission and the U.S. Department of Housing and Urban Development, which could lead critics to question the motivation for processing some complaints.
- Many counties have their own human relations commissions with which the State shares overlapping or concurrent jurisdiction, which can lead to confusion and some inefficiencies. However, it should be noted that though an individual may file a complaint with a local commission, the State Commission, and the federal government, the complaint is only investigated by one entity.

## RECOMMENDATIONS

- **Further evaluation needs to be done on the high cost per complaint handled by the Commission on Human Relations.** This evaluation may lead to the conclusion that this function should be moved to the Attorney General's Office, similar to other states.
- **The Commission on Human Relations needs to continue its movement toward mediation as a method of resolution thus reducing its cost per complaint.**

## BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS

- Finding ways to reduce the agency's cost per complaint should save money.

## OTHER EFFICIENCY RECOMMENDATIONS

- None.

# State Commission on Uniform State Laws

## AGENCY HISTORY, PURPOSE, AND FUNCTION

The State Commission on Uniform State Laws represents Maryland in the National Conference of Commissioners on Uniform State Laws, which promotes the adoption of uniform state laws so as to avoid the passage of laws that conflict unnecessarily with neighboring states. The Conference promotes uniform legislation designed to solve problems common to all states. Commissioners representing state government and the legal profession draft proposals, then work for their adoption by the states. When uniformity is neither practical nor necessary, the Conference designs model acts to provide states with a concisely structured legislative framework adaptable to particular needs and problems.

The National Conference of Commissioners on Uniform State Laws was created by interstate compact in 1892. By 1912, every state had appointed uniform law commissioners. The major portion of financial support for the Conference comes from state appropriations assessed on the basis of population.

The State Commission on Uniform State Laws has a Fiscal Year 2004 budget of $35,367 to cover travel, communications, and the membership fee. There is no staff for the Commission.

## CURRENT ORGANIZATIONAL STRUCTURE

### *Advantages*

- Commission expenses for the last 2 fiscal years and the current Fiscal Year 2004 appropriation have been for travel and membership costs only. No staff or other overhead is provided.

### *Disadvantages*

- The Commission does not appear to be interwoven effectively into any other institutional part of the executive branch.

## RECOMMENDATIONS

- **It is recommended that State Commission on Uniform State Laws be placed under the Secretary of State of Maryland.**

## BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS

- Placing the Commission structurally under an existing executive branch agency will assist in the better coordination of its efforts and efficiency through reducing a stand-alone commission.

## OTHER EFFICIENCY RECOMMENDATIONS

- None.

# State Ethics Commission

## AGENCY HISTORY, PURPOSE, AND FUNCTION

Title 15 of State Government Article established the State Ethics Commission, which includes disclosure and standards of conduct programs covering officials, employees and regulated lobbyists.

The Commission administers the Maryland public ethics law, renders advisory opinions concerning application, investigates complaints, reviews financial disclosure statements and lobbyist registration and activity reports. It also sets minimum standards and monitors local public ethic laws as well as provides information and training to those covered by ethic law requirements.

The State Ethics Commissions has a Fiscal Year 2004 budget of approximately $731,100. The Commission has 9 authorized positions.

## CURRENT ORGANIZATIONAL STRUCTURE

### *Advantage*

- The independence of this agency from other State agencies provides some assurance to the citizens of Maryland that the Ethics law is administered impartially and independently since it has jurisdiction over all State employees and officials.

### *Disadvantage*

- Combining the State Ethics Commission with another State agency could produce some efficiencies in information technology and administration; however, the loss of autonomy may impact independence and public perception of impartiality.

## RECOMMENDATIONS

- **Maintain independent status.**

## BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS

- Maintaining the independence of this agency allows it to fulfill its unique mission of administering the ethics laws over all State government impartially.

## OTHER EFFICIENCY RECOMMENDATIONS

- Move quickly toward electronic financial disclosure and lobbyist filing. Electronic filing will improve the efficiency of the office in view of the large number of documents filed with the State Ethics Commission annually.

# Governor's Office of Service and Volunteerism

## AGENCY HISTORY, PURPOSE, AND FUNCTION

Executive Order 01.01.1998.08 established Governor's Office of Service and Volunteerism by merging the Governor's Office of Volunteerism and the Governor's Commission on Service, thereby merging State and federal initiatives.

The Governor's Office of Service and Volunteerism (GOSV) is charged with creating, promoting, and supporting service and volunteer efforts that engage Marylanders in strengthening communities by meeting unmet local needs. In addition, GOSV administers two federal grants for AmeriCorps, and Learn and Serve America, as well as a State grant to support new or expanded volunteer centers across Maryland. GOSV provides low and no cost training and technical assistance and serves as a clearinghouse for information, research, best practices, and analysis.

GOSV has a Fiscal Year 2004 budget of approximately $7.4 million and has 12 authorized positions.

## CURRENT ORGANIZATIONAL STRUCTURE

### *Advantages*

- Independent agency status is necessary to be a "pass through" agency for the federal AmeriCorps – USA Freedom Corps program dollars. Combining GOSV with any other agency would jeopardize receipt of these funds.

### *Disadvantages*

- There is some overlap of functions. GOSV hosts an annual Governor's Volunteerism and Service Awards that is similar to the annual Maryland You Are Beautiful program, housed within the Department of Business and Economic Development. These programs should be examined and the overlap should be eliminated.

## RECOMMENDATIONS

- **Maintain existing independent status but also incorporate the Governor's faith based and community initiative into the office.**

## BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS

- Maintaining existing independent status will allow the State to continue to funnel federal AmeriCorps dollars to Maryland. Placing the Governor's faith based and community initiative here will promote efficiency by avoiding the creation of another new agency with its own staff to fulfill this Governor's initiative. This placement also will allow the faith-based initiative to be more effective by leveraging other federal/private dollars from these funds.

## OTHER EFFICIENCY RECOMMENDATIONS

- The agency recommends administering the Commission and the Office as separate entities since the Commission is advisory without any operational responsibility. GOSV believes that clearer definitions need to be established between the staff of GOSV and the role of the Commissioners. This change will require revamping the Executive Order that established the Commission.

# Volunteer Maryland

## AGENCY HISTORY, PURPOSE, AND FUNCTION

Volunteer Maryland (VM) is a State-based AmeriCorps program funded through federal, State and some private contributions. The program places trained volunteer coordinators in non-profit agencies, schools, and other governmental agencies for one-year national service assignments. The coordinators then staff, build, or enhance volunteer management systems and recruit volunteers. VM was originally established in 1992 as a program in the Governor's Office of Volunteerism (GOV). In 1999, the General Assembly approved the merger of GOV and the Governor's Commission on Service, thus creating the Governor's Office of Service and Volunteerism (GOSV), to administer the federal AmeriCorps funds and set up VM as an independent recipient agency of those funds.

Volunteer Maryland has a Fiscal Year 2004 budget of approximately $956,200. The agency has a staff of five contractual positions.

## CURRENT ORGANIZATIONAL STRUCTURE

### *Advantages*

- Allows the State to have its own AmeriCorps Volunteer Program. If VM was combined with the Governor's Office of Service and Volunteerism, the State could not use these federal funds directly since GOSV must remain a "pass through" agency for these funds and not a user of them.

- Permits a breadth of services that would be limited if tied to another agency. Without a tie to a specific department, the agency is able to recruit volunteers for a myriad of services. These volunteers become volunteer coordinators who on average recruit 140 volunteers for whatever site agency they are assigned. Volunteer Maryland is the State agency that actually uses some of the federal volunteer funds.

***Disadvantages***

- Lack of coordination with other independent agencies and departments. To maximize the potential of recruiting State employee volunteers for worthy efforts and volunteers to work with State government, agency needs better coordination and communication with other State agencies and departments. Better information technology coordination with another State agency could also save money for services such as Internet access, web page design, and maintenance.

### RECOMMENDATIONS

- **Maintain existing independent status but better coordinate support services such as information technology with the Department of Housing and Community Development, with whom the agency is housed.**

### BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS

- Maintaining existing independent status will allow the State to continue to utilize federal Americorp dollars for volunteer recruitment efforts within State government. Coordinating some support functions with the department that houses Volunteer Maryland would promote some efficiencies.

### OTHER EFFICIENCY RECOMMENDATIONS

- The agency proposes converting its five staff positions (all contractual) to authorized positions. VM's Executive Director states that she spends nearly half her time recruiting, training and trying to retain staff for the program who leave predominantly because of the lack of benefits available for contractual employees.

## State Commission on Criminal Sentencing Policy

### AGENCY HISTORY, PURPOSE, AND FUNCTION

The State Commission on Criminal Sentencing Policy (SCCSP) was created by the General Assembly in 1999, to oversee criminal sentencing policy in Maryland and assumed primary responsibility for setting guidelines as well as collecting, compiling, maintaining and distributing the database for the Circuit Courts' compliance with these guidelines. SCCSP conducts training for trial court judges, attorneys and probation officers. The agency also monitors judicial

compliance with the guidelines along with mitigating factors for departure and adopts changes as necessary.

SCCSP has a Fiscal Year 2004 budget of $334,324. Over $296,000 of the budget covers the cost of 6 staff.

## CURRENT ORGANIZATIONAL STRUCTURE

### *Advantages*

- The membership of SCCSP is mandated by law to include members from the judicial, legislative, and executive branches of government. While the Commission maintains a close relationship with the Judiciary to ensure proper data reporting, its independent status allows it to report sentencing data without bias and pressure from the judiciary and balance interests as they relate to sentencing practices and policies.
- The agency's location produces efficiency. The location of the Commission's staff housed at the University of Maryland College Park (UMCP) allows for efficiencies through shared resources (i.e. information technology and some administrative functions) with UMCP and the use of interns. The staff currently includes only five contractual positions plus interns.

### *Disadvantages*

- None.

## RECOMMENDATIONS

- **Maintain current independent status.**
- **Complete for judicial use an on-line submission system for the Sentencing Guidelines Worksheets.** SCCSP is already moving in this direction and anticipates that postage costs and paper handling will decline in the future.

## BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS

- Maintaining independent status allows the Commission the ability to produce objective data that affects sentencing policy and to synthesize the interests of different parties as they influence that sentencing policy.
- Online submission will cut down on paper and mailing cost as well as staff time for inputting data.

## OTHER EFFICIENCY RECOMMENDATIONS

- None.

# Office of Minority Affairs

## AGENCY HISTORY, PURPOSE, FUNCTION

The Office of Minority Affairs promotes and coordinates plans, programs and operations of the State government that promote or affect establishment, preservation and strengthening of minority business enterprises. Additionally, the agency evaluates the impact of public issues and government-sponsored programs on minority communities and advises the Governor on methods for providing positive impact and greater benefits to minority communities. The office has been part of the Executive Department since 1980.

The Office has a Fiscal Year 2004 budget of nearly $316,000 and has three authorized positions.

## CURRENT ORGANIZATIONAL STRUCTURE

### *Advantages*

- It has credibility as an independent agency of the State government whose sole purpose is to improve the viability of minority contracting.

### *Disadvantages*

- It has a large scope of work and a very small staff with which to cope with it. According to the Department of Legislative Services' Office of Legislative Audits, reports on minority contracting by State agencies and departments have been based on contract amounts instead of payment amounts as required by law. The agency does not appear to have the clout to require compliance by other segments of government based on its current configuration, funding, and staffing levels.

## RECOMMENDATIONS

- **The Commission recommends that consideration should be given to merging the Office of Minority Affairs into the Department of Business and Economic Development's Office of Business Advocacy since both offices share common concerns and serve the same general constituency.** The Office of Business Advocacy conducts outreach to minority businesses and as such the staff of eight is already familiar with minority business issues and concerns. **However, this recommendation should be assessed by the Governor's Commission on Minority Business Enterprise Reform to ensure that it is compatible with the Commission's recommendations.**

### BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS

- The State would benefit socially and economically if a stronger more skilled cadre of minority firms were available to perform work, not only on State contracts but also for the private sector.

### OTHER EFFICIENCY RECOMMENDATIONS

- The Governor should make it clear to executives of departments and agencies the importance of promoting participation of minority firms in State government contracts and reporting participation based on dollars-paid not contract amounts.

## Governor's Office of Crime Control and Prevention

### AGENCY HISTORY, PURPOSE, AND FUNCTION

Executive Order 01.01.1995.18 established this office by merging the Governor's Drug and Alcohol Abuse Commission and the Governor's Office of Justice Administration.

The Governor's Office of Crime Control and Prevention (GOCCP) is charged with providing leadership and support efforts to make communities safer by coordinating State policy and grant funds to support victims and to control, reduce and prevent crime. The office provides staff support to Cabinet Council on Criminal and Juvenile Justice, distributes federal and State grants to State and local agencies and private organizations, and administers the Maryland Victims of Crime Fund and the Police Corps Training Program.

GOCCP has a Fiscal Year 2004 budget of nearly $43 million and 34 authorized positions.

### CURRENT ORGANIZATIONAL STRUCTURE

***Advantages***

- GOCCP administers over $30 million in federal funds. Most of these funds have restrictions on them, which prevent recipient agencies from applying for the federal funds directly and requiring a "pass-through" agency to funnel the funds to those actually using them. While consolidation of this agency into another such as the Department of Public Safety and Correctional Services (DPSCS) could produce efficiencies through the elimination of up to eight full time employees, it would cause conflicts of interest for DPSCS. It would then be responsible for developing policy that affects public safety agencies and awarding funds to itself and competing public safety agencies.
- The agency has already affected numerous changes under the new director, which have eliminated problematic areas highlighted under the last administration.

***Disadvantages***

- Movement of GOCCP into the DPSCS could increase interaction and coordination between State level public safety agencies and there could be workload and administrative efficiencies.

### RECOMMENDATIONS

- **Maintain the Office's independence but evaluate the possibility of moving it and other federal funding "pass through" agencies under the new Governor's Grants Office.**

### BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS

- Consolidation of GOCCP along with other agencies such as the Governor's Office of Service and Volunteerism under the new Governor's Grants Office would render the new Office responsible for providing grants assistance to State agencies as well as serving as an umbrella agency housing federal dollar "pass through" agencies. This could provide efficiencies in areas such as personnel administration, information technology, budget, and office location without threatening the loss of federal funds.

### OTHER EFFICIENCY RECOMMENDATIONS

- None.

## Governor's Grants Office

### AGENCY HISTORY, PURPOSE, AND FUNCTION

The agency is yet to operate, since it was created only this fiscal year with initial funding just authorized in the Fiscal Year 2004 budget. The goal of the agency is to attract increased federal and other funding to implement initiatives with merit or expand critical activities in the absence of State funding. This goal is to be accomplished by a comprehensive program to assist State agencies in tracking, applying for and receiving grant funding. The agency will assist in locating grant opportunities, applying for grant applications, coordinating grant applications among potentially competing State agencies, assisting with grant preparations, tracking the status of available grants, and maintaining a comprehensive database of grant information.

The Office has a Fiscal Year 2004 budget of $305,044; however, since no staff has been hired, no funds have been expended to date. The Office does have an authorized position count of five authorized positions.

## CURRENT ORGANIZATIONAL STRUCTURE

### *Advantages*

- The agency will have professional staff charged specifically with identifying, coordinating, and tracking potential grant opportunities.
- The agency will provide coordination of grant opportunities between disparate State agencies potentially competing for the same grant funds.
- Employment of professional grant writers will provide advice and counsel to agencies in grant application preparation.
- The office has the potential to greatly increase federal grant funding in a cost-effective manner as in other states. (e.g. Texas has received $40 million in additional grants since commencement of the program 12 years ago).

### *Disadvantages*

- None yet identified.

## RECOMMENDATIONS

- **At this time, the only recommendations are to establish the agency and hire the professional staff as expeditiously as possible and carefully monitor (a) the additional federal funds identified, applied for and awarded as a result of the participation of the agency, and (b) the effectiveness of the coordination, including grant identification, grant application writing, and database monitoring, between the agency and its constituent agencies.** The director and senior staff of the Governor's Grants Office should have extensive experience in grants management to maximize the Office's effectiveness in leveraging and managing federal funds.
- Once the Office is functioning and serving State needs well, it is recommended that the Office assist the counties and/or municipalities in the same fashion.

## BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS

- The benefit of creating the Office will allow better control and coordination of grants for all agencies and should systematically increase the benefits available from grants to the State agencies.

## OTHER EFFICIENCY RECOMMENDATIONS

- No particular recommendations until the agency is functional and its operations can be evaluated.
- Consideration should be given to housing the Office in the Department of Budget and Management (DBM) as DBM prepares the Governor's budget annually.

# Survey Commissions

## AGENCY HISTORY, PURPOSE, AND FUNCTION

The Survey Commissions is essentially a budgetary cost center for funds that cover expenses of other special commissions addressing problems affecting administration and welfare of the State. In Fiscal Year 2002 funds were disbursed to the Commission on State Debt, Judicial Nominating Commission, Executive Department Technology/Affiliated Initiatives, Re-Districting Advisory Commission, Southern Regional Education Board, State Publications Depository, and the Office of Deaf and Hard of Hearing Advisory Council.

The Survey Commissions has a Fiscal Year 2004 budget of $144,550. This Commission has no staff.

## CURRENT ORGANIZATIONAL STRUCTURE

***Advantage***

- The Survey Commissions has no direct staff or overhead to provide State services but is simply a funding conduit to other commissions and councils such as those listed above.

***Disadvantage***

- Since the Survey Commissions is a separate budgetary program, the funding in the program may not be effectively coordinated with other entities in the executive branch.

## RECOMMENDATIONS

- **Place the Survey Commission structurally under the Governor's Policy Office.**

## BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS

- Placing the Survey Commission structurally under this existing executive branch agency will assist in the better coordination of its funding.

## OTHER EFFICIENCY RECOMMENDATIONS

- None.

# Criminal Justice Coordinating Council

## AGENCY HISTORY, PURPOSE, AND FUNCTION

Criminal Justice Coordinating Council (CJCC) was formed in January 1999 by a group of key criminal justice stakeholders interested in addressing systemic problems and other issues affecting criminal justice in Baltimore City. The council's purpose is to work cooperatively to advance the fair and timely disposition of cases, to promote interagency decision-making, and communication, and to share timely and accurate criminal justice information through integration of computer networks.

CJCC has a Fiscal Year 2004 budget of $81,400; however, CJCC has no staff.

### CURRENT ORGANIZATIONAL STRUCTURE

***Advantages***

- The Council's independent status assists in coordination of all respective agencies.

***Disadvantages***

- The Council's purpose is focused only on Baltimore City's criminal justice system yet is funded by State of Maryland General Funds.

### RECOMMENDATIONS

- **Continue the Council with funding from Baltimore City only.**

### BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS

- Since this Criminal Justice Coordinating Council serves Baltimore City, funds for it should come from Baltimore City's budget just as other counties/municipalities fund their respective criminal justice coordinating councils.

### OTHER EFFICIENCY RECOMMENDATIONS

- None.

## Maryland Public Broadcasting Commission

### AGENCY HISTORY, PURPOSE, AND FUNCTION

Maryland Public Broadcasting Commission began in 1966 as the Maryland Educational-Cultural Television Commission (Chapter 202, Acts of 1966), reformed in 1967 as the Maryland Educational-Cultural Broadcasting Commission (Chapter 645, Acts of 1967), and became the Maryland Public Broadcasting Commission in 1969 (Chapter 405, Acts of 1969).

Maryland Public Broadcasting Commission (MPBC) focuses on securing private and public funding and establishing alliances with outside organizations to undertake educational activities. The mission of MPBC is to increase voluntary support (Non-General Funds) for MPBC and attract educational partnerships through programming quality broadcasts and the scheduling and execution of community building outreach activities.

MPBC's Fiscal Year 2004 budget is $35.6 million, of which $10.8 million is State general funds. The agency has a staffing complement of 166 authorized positions.

## CURRENT ORGANIZATIONAL STRUCTURE

### *Advantages*

- Currently MPBC is structured as an independent commission of State government. (Twenty-eight other states report public television services are privately provided; however it cannot be discerned if those private entities receive any State support.) State government has diminished its support but adheres to public policy of making public broadcasting a function of State government. Maryland Public Television provides unique local programming as well as programming available through and produced by other public broadcasting outlets. It has attracted increasingly more non-State funds although the number of individual contributors has decreased.
- MPBC receives State funding and support, yet has certain flexible procedures
- This Commission is appointed by the governor; policies and programming receive oversight from a State government agency; however there is no evidence that programming is unduly or inappropriately influenced by politics.
- MPBC provides a unique local (Maryland-focused) programming not available elsewhere.
- MPBC ensures availability of public broadcast programming for citizens of State who may not be able to afford cable or other options.

### *Disadvantages*

- The State provides less than 30 percent of operating funds, yet controls and manages operation, making operating procedures needlessly cumbersome and adding to costs.
- MPBC is less able to attract non-State funding because of perception and reality of being an entity of State government.
- Significant overlap in Maryland with signal provided by WETA (an estimated 85 percent of the State's population can receive the WETA signal).

## RECOMMENDATIONS

The Commission has the following recommendations:

- **An independent firm knowledgeable of the broadcasting industry should conduct a thorough evaluation of the options available to transfer MPBC's broadcast license to a non-profit organization (perhaps Maryland Public Broadcasting Foundation);**
- **Aggressively explore shared resources and programming with WETA and WHUT, particularly national programming;**
- **Establish an endowment of private funds for operations and other needs;**

- **Provide annual State support to a non-profit license holder organization only commensurate with the cost of producing unique local programming provided to Marylanders;**
- **Explore fully revenue generating opportunities through web-based programming;**
- **Ensure that essential programming supplied to State educational institutions be provided at State expense if necessary.**

### BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS

- State would have to invest less in a government function that is less critical since the proliferation of cable.
- There would be an opportunity to clarify the demand for specific local programming
- MPBC would have increased operational flexibility
- MPBC would have increased development opportunities

### OTHER EFFICIENCY RECOMMENDATIONS

- None.

## Maryland State Archives

### AGENCY HISTORY, PURPOSE, AND FUNCTION

The General Assembly created the Hall of Records Commission to provide for the management of the public records and for the collection, custody, and preservation of the official records, documents, and publications of the State (Chapter 18, Acts of 1935). Formed in 1935, the Hall of Records was an independent agency of State government and remained so until its incorporation into the Department of General Services in 1970 (Chapter 97, Acts of 1970). In 1984, the Hall of Records reformed as the State Archives, an independent agency within the office of the Governor (Chapter 286, Acts of 1984). The 1984 law defined an advisory role for the Hall of Records Commission and placed the Commission on Artistic Property under the State Archives (State Government Article, sections 2-1513(b), 3-404(b), 7-213(a), 9-1001 through 9-1027, 10-604 through 10-608, 10-631 through 10-634, 10-637 through 10-642, 10-701, 10-702).

The Maryland State Archives collects, preserves and archives records deemed to have permanent historical value and makes these records available to the public. In addition, the Archives is responsible for managing the State-owned art collections including appraising, conserving, researching, and exhibiting the Peabody and Annapolis Collections.

The Archives has a Fiscal Year 2004 budget of nearly $4.7 million. The staffing is 44.5 authorized positions.

### CURRENT ORGANIZATIONAL STRUCTURE

Since its creation in 1935, the Archives has had both independent agency and departmental agency status. The Archives has benefited from consistent and strong leadership of two principal archivists since its creation and has attracted and retained very high caliber staff. The commission consists of statutorily designated members. The commission is highly respected among its peer archival institutions. In recent years it has suffered from inadequate State funding at the same time expanding its goals and programs to include fine art collection, historical interpretation, and providing telecommunication services to State government.

***Advantages***

- Appropriately for its mission, the Archives serves all branches of State government and local governments.

***Disadvantages***

- None observed.

**RECOMMENDATIONS**

- **The Archives should assume responsibility for setting records retention schedules, a task now performed by the Department of General Services.**
- **Establish an affiliated non-profit foundation to increase visibility for the Archives and public usage and to raise funds to support its mission.**

**BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS**

- These recommendations should lead to more efficient operation of the Archives and better coordination with the agencies and local governments that it serves.
- An affiliated foundation should generate expanded resources for operating the Archives.

**OTHER EFFICIENCY RECOMMENDATIONS**

The Archives should:

- **Refine its mission to focus on core functions;**
- **De-accession or loan its fine art collection to the Maryland Historical Society or another museum as appropriate to eliminate expenses for fine art conservation, insurance, exhibition, and storage;**
- Clarify the relationship between the Maryland Electronic Capital and Maryland.gov and provide appropriate links between the two sites;
- **Investigate further revenue-generating opportunities by the agency (e.g. charging for staff time for research); and**
- Identify and engage in additional collaborative activities with other historical and cultural institutions to promote Maryland history and the use of the Archives.

## Historic St. Mary's City Commission

## AGENCY HISTORY, PURPOSE, AND FUNCTION

Historic St. Mary's City was Maryland's first settlement and for sixty-one years, until 1695, its colonial capital.

The Historic St. Mary's City Commission (HSMCC) originated in 1965 when the Governor appointed the St. Mary 's City Restoration Study Commission (Joint Resolution 41, Acts of 1965). The St. Mary's City Commission replaced the study commission in 1966 (Chapter 115, Acts of 1966). Formerly under the Department of Economic and Community Development, the Commission became part of the Department of Housing and Community Development (DHCD) in 1987 (Chapter 311, Acts of 1987). The Commission was renamed Historic St. Mary's City Commission in 1991 (Chapter 590, Acts of 1991). In 1997, it was made an independent agency within the Office of the Governor and became affiliated formally with St. Mary's College of Maryland (Chapter 583, Acts of 1997).

The Historic St. Mary's City Commission preserves, develops, and maintains historic St. Mary's City, an outdoor museum and archaeological park on the site of Maryland's original settlement and first capital city. With emphasis on the 17th century, the Commission studies the history of St. Mary's City, preserves its archaeological evidence, and interprets that history for the public.

The Historic St. Mary's City Commission has seventeen members. The Governor with Senate advice and consent appoints thirteen to four-year terms. Of four ex officio members, two vote and two are non-voting members. The Commission names the Executive Director (Code Education Article, §24-501 through 24-525).

The Commission's most important outcomes are the 800 objects that it treated for conservation in Fiscal Year 2002 and the estimated 2,400 objects that it plans to treat for conservation during the current fiscal year. Equally important to the Commission are the approximately 10,000 general public visitors and nearly 29,000 school children that visit the site annually.

HSMCC has a Fiscal Year 2004 budget of approximately $2.5 million and a staff complement of 36 authorized positions.

## CURRENT ORGANIZATIONAL STRUCTURE

### *Advantages*

- This Commission, appointed by the Governor, has independent status, but maintains a cooperative association with St. Mary's College of Maryland.
- Stronger leadership of the Commission has resulted in great leaps forward in this agency, which has struggled under various structures since its initial creation in 1965. Because of the unique mission of the commission and the location of its program, it is unsuited to being merged with any department within the executive branch.

- The new chair, who is the president of the National Trust for Historic Preservation, is likely to continue this trend toward greater achievement of goals and improved viability for this museum property. The American Association of Museums recently accredited HSMCC.
- Marketing drastically needs to accelerate to help offset the costs of new programs and capital projects coming on line and to better position the Historic St. Mary's City Commission to attract non-State funds.
- Although the agency has independent status, it has a cooperative association with St. Mary's College of Maryland for accounting, personnel, procurement, security, information technology, facility planning functions, and for academic cooperation. This cooperation is a trend in the right direction. Only the first three of these functions, however, are included under the 1997 agreement directed by the General Assembly.
- The current structure of being independent but sharing some functions with St. Mary's College:
  - Allows the Commission to share certain resources and to compensate employees at a level commensurate with other museum professionals;
  - Maximizes the agency's and college's challenging geographic location, proximity and synergy of their missions; and
  - Provides operating flexibility beneficial to meeting goals and objectives.

### *Disadvantages*

- Cooperation relies heavily on current leadership, which could diminish or end with a change in leadership of either institution. HSMCC could benefit from stronger association and advocacy both inside and outside of State government.
- Does not take advantage of other important opportunities for beneficial alliance.
- Perhaps because of its unique status in State government, HSMCC has been traditionally under-funded, both while independent and previously as part of DHCD. Continuing to rely on the current level of funding available from State government and a modest amount of non-State funds will prevent the HSMCC from meeting its goals.
- State government has traditionally wrestled with the management of museum programs and any ways to strengthen this one and others should be investigated.

## RECOMMENDATIONS

- **Enhance the level of cooperation between Historic St. Mary's City Commission and St. Mary's College through an expanded agreement.** Expanded cooperation would likely result in cost savings and in a stronger program for both institutions and seems essential for the Commission's ability to attract adequate funding to meet its mission.
- Institutionalize the culture of cooperation within both institutions.
- Give special consideration to combined efforts in development, public relations, and marketing.
- Continue exploration of the development of a destination village to increase visitation and visibility of both institutions.
- Explore the merging of the two institutions through establishment of a committee to study such a merger. This committee should include representatives of both institutions, other stakeholders, and others knowledgeable in museum operations.

## BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS

Implementing the above recommendations would produce the following benefits:

- More efficient use of resources, personnel, alumni, visitors;
- Clearer public image of the common issues of the two institutions;
- Increased opportunity for development;
- Greater return on State investment; and
- Greater return on an individual donor's investment.

## OTHER EFFICIENCY RECOMMENDATIONS

- None.

# State Board of Elections

## AGENCY HISTORY, PURPOSE, AND FUNCTION

The State Board of Elections was created in 1969 as the State Administrative Board of Election Laws (Chapter 555, Acts of 1969). It adopted its present name January 1, 1999 (Chapter 585, Acts of 1998). Also, the State Administrator of Elections receives and audits financial reports of candidates required under the Election Code (Article, Sections 13-401 through 13-404). Appointed by the Board, the State Administrator also serves as secretary to the Board of State Canvassers (Election Law Article, Sections 2-103, 11-501 through 11-503).

This five-member independent Board is appointed by the Governor and by law includes three members of the party of the governor and two of the next largest vote-getting party in the State's last gubernatorial election. Terms are for four years. The Governor also appoints the members of the local elections boards in 23 counties and Baltimore City.

The State Board of Elections supervises the activities of the 24 local election boards in the State. The Board monitors compliance with Maryland and Federal election laws, assists citizens in exercising their voting rights, and provides access to candidacy for those seeking elective office.

## CURRENT ORGANIZATIONAL STRUCTURE

### *Advantages*

- Since 1969 when administration of the State's elections was combined under a State board, this agency has been the subject of several studies and reforms. The adoption of technology to gather, store, and disseminate data has necessitated its becoming a highly sophisticated and responsive operation.

### *Disadvantages*

- Current statutory provisions pertaining to the appointment and tenure of the Administrator appear to conflict with one another in that §2-103(b)(1) of the Election Law Article provides that the State Administrator shall be appointed and "serve at the pleasure" of the State Board; however, §2-103(b)(6) states that the Administrator shall "[b]e subject to removal by the affirmative vote of four members of the State Board for incompetence, misconduct, or other good cause; however, prior to removal, the State Board shall set forth written charges stating the grounds for dismissal and afford the State Administrator notice and an ample opportunity to be heard..." This language can result in having the State Administrator serve for life unless there are grounds for dismissal.

## RECOMMENDATIONS

- **The State Board of Elections should remain independent.** The current statutory framework allows the agency to operate without undue political influence.
- **The Commission recommends that the General Assembly should alter the ambiguous statutory language concerning appointment and tenure of the State Administrator so that it is clear that the administrator serves at the pleasure of the State Board of Elections without restrictions on removal.**
- The status of the other employees of the Board should also be clarified through a review by the Department of Budget and Management to determine the proper status of each employee under the State's Personnel Management System.

## BENEFITS RESULTING FROM IMPLEMENTATION OF RECOMMENDATIONS

- Greater assurance of the integrity and uniformity of the elections process.

- Increased accountability by individuals charged with carrying out elections law at the local level.
- Clear language concerning appointments and terms.

## OTHER EFFICIENCY RECOMMENDATIONS

- None.

## Statewide Recommendations

The Commission's investigation and evaluation of agency structure and programs have led to the following statewide recommendations that appear to apply government-wide to the many State agencies regardless of purpose and/or mission.

### PROCUREMENT

- Currently, State law prohibits State agencies from participating in federal contracts, unless the purchase exceeds a $250,000 threshold. **The Commission recommends the elimination of the $250,000 restriction on procurement participation in federal contracts.** The elimination of this provision would afford agencies the ability to participate in smaller dollar contracts and reap the benefits of pooled purchasing.
- **Pooled purchasing, while primarily providing for economies of scale, could also increase the probability of agencies having the same equipment and thereby promote interoperability.**
- Creating incentives for collective purchasing between agencies could also increase the probability of achieving such benefits.

### PERSONNEL/HUMAN RESOURCES

- **The Commission recommends the deployment of a commercial-off-the-shelf personnel/human resources information system to serve the entire workforce and to replace the manual systems that consume so much staff time now.** Many private sector firms utilize relatively simple electronic time-keeping systems based on such off-the-shelf software. The State should implement such a system.
- **The Commission recommends that small agencies explore the feasibility of sharing the personnel support function among groups of such agencies.** This sharing of resources could lead to efficiencies by reducing the number of staff dedicated to the personnel function in small agencies. Another possible approach to achieve such efficiencies may be to have staff at the Department of Budget and Management provide the personnel support function to groups of small agencies.

### INFORMATION TECHNOLOGY

Many agencies are limited by inadequate information technology systems plagued by myriad concerns.

- Some information technology systems are antiquated. The term "antiquated" may pertain to: the platform the system runs on, the computer language the system is written in, the age of the system, or methodology that the system uses to produce or process information. Antiquated systems are generally fragile, expensive to maintain, and are at greater risk for malfunction. Certain antiquated systems can be upgraded and enhanced to mitigate or correct deficiencies, other antiquated systems cannot.

- There are information technology systems that only perform one function and no longer perform that function efficiently.
- Certain systems cannot communicate with other system; consequently, "things slip through the cracks" as functions must be performed in an alternative fashion that may not have a safeguarding mechanism.
- **A comprehensive statewide assessment of information technology systems should be conducted so that imperiled systems are identified and remedial action can be taken. This assessment will allow state agencies to continue to improve their information technology systems and achieve efficiencies and better service levels.**

## CASE MANAGEMENT

- **State systems for case management need to be modernized and streamlined.** The lack of adequate systems plague many State agencies from those that manage client services to those agencies that manage hearings and complaints. State agencies should continue their efforts to automate such systems.
- **A prime consideration in designing and implementing such case management systems should be to ensure that such data systems interface with systems of other appropriate agencies so that data sharing and exchanges can be facilitated.**
- For agencies that have case management systems or perform case management functions, the case management system's infrastructure should be configured to:
  - Provide access to other appropriate entities to eliminate duplication of effort as multiple entities would no longer need to enter and/or maintain independent records; and
  - Reduce record inaccuracy through the elimination of redundant data entry.

## HISTORICAL AND CULTURAL PROGRAMS AND THE DEPARTMENT OF PLANNING

- There has long been a concern that historical and cultural programs in State government have been misplaced by being distributed among several departments and state agencies. The Commission heard testimony that reinforced that concern. The Commission recommends a goal of consolidating historical and cultural programs into a single state agency with a realigned mission. **It is recommended that there be a study of the mission of the State Department of Planning to ascertain whether expanding that mission to include state cultural and historical programs would be of benefit to the State and to such programs.**

# Conclusion

**ADOPTION OF THE COMMISSION REPORT**

On December 2, 2003 the Commission on the Structure and Efficiency of State Government adopted all the Committee Reports and other reports and components of this document.