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Thank you for the opportunity to respond to the Department of Legislative Services' Fiscal Year 2022 budget analysis. We appreciate the thorough analysis by our DLS budget analyst and the continuing work of your Committees. We are proud of the accomplishments of our lawyers and staff during this last fiscal year, which they achieved even in the face of increasing caseloads, understaffing and continued funding challenges.

BRFA of 2021

The main focus of our testimony will be Governor Hogan's proposed \$10M transfer from the Office's Consumer Protection Division's Recoveries Fund. The Consumer Protection Division plays a vital role in protecting consumers. The Division fights for patients who have medical billing disputes with their providers, fights against price gouging by unscrupulous companies during the pandemic, and generally fights for consumers who are the victims of unfair and deceptive practices. In FY20, the Division fielded more than 35,000 inquiries, handled more than 10,000 complaints, and recovered more than \$26M for your constituents. The proposed transfer would eliminate more than half of the Division's existing fund balance and threaten the Division's critical work in the future.

We urge you to reject Governor Hogan's proposed \$10M transfer from the Consumer Protection Division's Recoveries Fund for the following three reasons: first, the Division is self-funded and needs those funds to pay the salaries of its employees in the future; second, the Division needs those funds to provide desperately needed services to Maryland consumers; and third, the Division needs those funds to help support the Office's general operations.

First, the Consumer Protection Division receives no general funds; the Division is self-funded and needs those monies to fund the salaries of the employees and the operating expenses of the Division.

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The Division's funds consist entirely of multi-state recoveries. Because of the volatility in recoveries from year to year, the Division needs an adequate fund balance to ensure that it can continue to fund its critical services to the citizens of Maryland. We recognize that when the Division receives large multi-statement recoveries beyond what is necessary to sustain the Division, the General Assembly has transferred those funds to the general fund. Under General Frosh, such transfers have occurred at least three times: \$12M from the Volkswagen settlement, \$6M from the Moody's settlement, and \$3.9M from the Wells Fargo settlement.

This \$10M proposed transfer does not, however, come from a single, large, known recovery. Here, for the first time, Governor Hogan proposes a more general cut to more than half of the funds of the Consumer Protection Division. This threatens the medium- and long-term security of the Division and its ability to provide critical services to the citizens of Maryland.

Second, the Consumer Protection Division needs these funds to address the unmet needs of consumers. There are enforcement cases that should be brought, but that cannot be brought, because of the Division's limited staff. The Division needs to be expanded, not constrained.

Past investments in the Division have led to better results for consumers. For example, the creation in 2019 of a three-attorney Housing Unit allowed us to pursue additional cases, including one against a large landlord who took advantage of thousands of tenants.

These funds do not represent surplus funds for which the Division has no use. They represent funds that the Division needs to carry out fully its existing mission and to provide a long-term solution to the pressing needs of the community. And while recoveries for the State are never the motivating factor in our enforcement actions, our past experience demonstrates that past investments in the Division have led to better results for consumers.

Finally, the funds are needed to continue the Consumer Protection Division's contributions to the Office as a whole. The Office of the Attorney General, like so many state agencies, is underfunded. Indeed, DLS has repeatedly recognized chronic underfunding in the Office's core operations. Last fiscal year, the Office required a \$300,000 deficiency appropriation to make up for repeated cuts to our budget, an appropriation that we forecast as a virtual certainty when the budget cuts were made. Underfunding and understaffing in the central office continues to take a serious toll on lawyers and staff who are already underpaid as compared to their peers in the local and federal government. As part of the Fiscal 2021 cost containment, we were directed to utilize \$700,000 of the Division's funds to replace general funds, and another provision of the BRFA requires the Office to provide

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funding for the Division's Financial Unit from the Division's Recoveries Fund instead of general funds. Reducing the Recoveries Fund by more than half just further exacerbates the Office's existing budget challenges.

For these reasons, we respectfully request that you reject Governor Hogan's proposed \$10M transfer from the Consumer Protection Division's Recoveries Fund.

Special Education Ombudsman

Chapter 562 of 2020 (SB 504) requires the Attorney General to appoint a Special Education Ombudsman. The Ombudsman is directed to set up a toll-free number and operate a call center for parents, teachers, and other interested parties who need guidance on the services offered and rights afforded to special needs children in public schools. The OAG requested a PIN and funding for this requirement but was not given a PIN or funding. The OAG has no existing resources (either pins or funding) to meet this requirement.

SB 407 of 2020 (vetoed) Senior and Vulnerable Adult Abuse Asset Recovery Unit

SB 407 of 2020 (vetoed) created the Senior and Vulnerable Adult Abuse Asset Recovery Unit in the OAG. The bill required the Governor to include at least \$250,000 general funds in the State budget each year for the Unit. Not only did the Governor not include an additional \$250,000 in the budget, but \$250,000 of our FY2021 general funds appropriation is now restricted for this purpose. The Senate overrode the Governor's veto. If the House overrides the veto, we will not have the additional \$250,000 in FY2022 for the Senior and Vulnerable Adult Abuse Asset Recovery Unit and we cannot afford to have \$250,000 of our general funds operating appropriation restricted for this purpose. And while we applaud the intent of the bill and are doing good work in that area with limited resources, we cannot afford to absorb what is essentially a \$250,000 cut in our general funds.

Thank you for your attention to these matters.