



LAWSUIT ABUSE

Maryland Citizens Against Lawsuit Abuse

Litigation Costs for Maryland Municipalities

(Fiscal Years 2005-2009)



August 2010

Executive Summary

Like households across the state, cash-strapped local governments (which allocate resources for important services like public schools, police, and parks) are struggling to make ends meet in these uncertain economic times. As lawmakers in Annapolis struggle to fill a budget gap, local government officials are facing tough decisions about which critical services they will have to scale back or cut all together. Now more than ever, waste in government spending needs to be sought out and eliminated. One such expense that has gone largely unexamined is the high cost associated with litigation.

Litigation costs will always be part of government administration, as there will always be lawsuits against the government with merit that deserve their day in court. Yet often local governments are seen as easy targets with deep pockets, attracting frivolous lawsuits that are only filed in an attempt to make a few plaintiffs and personal injury lawyers rich quickly. Many of these lawsuits are filed on a contingency-fee basis, providing personal injury lawyers with incentives to file large quantities of lawsuits in the hopes of a quick settlement or large verdict.

Cities and counties are struggling to fund basic services like public schools, trash removal and community health programs. The unpredictable cost of lawsuits is something that they simply cannot afford. Faced with rising costs and no relief in sight, their only option may be to raise taxes in order to fill gap. Hard-working Marylanders don't deserve or need that in this economic climate.

This report examines the costs of verdicts, settlements, and outside counsel to three of Maryland's most populous local government jurisdictions: Baltimore City, Montgomery County and Prince George's County. It does not factor in in-house counsel or other administrative costs associated with litigation. According to the report's findings, litigation costs (which consist of monies spent on verdicts, settlements and outside counsel payments) totaled over \$46 million over the past five fiscal years in Baltimore City and Montgomery and Prince George's Counties alone (see chart below).

Jurisdiction	FY05 Costs	FY06 Costs	FY07 Costs	FY08 Costs	FY09 Costs	TOTAL
<i>Baltimore City</i>	\$5,872,831	\$4,200,000	\$4,300,000	\$4,200,000	\$2,263,490	\$20,836,321
<i>Montgomery County</i>	Data Unavailable	Data Unavailable	\$6,022,999	\$744,346	\$514,269	\$7,281,614
<i>Prince George's County</i>	\$7,055,495	\$4,914,576	\$1,286,493	\$3,292,332	\$1,418,147	\$17,967,043
TOTAL	\$12,928,326	\$9,114,576	\$11,609,492	\$8,236,678	\$4,195,906	\$46,084,978

Although not every county in Maryland is included in this report, one thing is clear – we cannot afford to keep putting millions of dollars into litigation costs when so many school, public safety and recreation programs are losing their funding. Lawsuits are meant to provide justice for those who are truly injured – they are not meant to be a way for personal injury lawyers and unharmed plaintiffs to strike it rich!

Methodology

Maryland Citizens Against Lawsuit Abuse (MDCALA) submitted requests under the Maryland Public Information Act (MPIA) to the following local governments about monies spent on lawsuit verdicts, settlements and outside counsel (collectively “litigation costs”) in fiscal years 2005, 2006, 2007, 2008 and 2009: Anne Arundel County, Baltimore City, Baltimore County, Montgomery County, and Prince George’s County. Actionable data was only returned by Montgomery and Prince George’s Counties and Baltimore City. Montgomery County did not return complete data for fiscal years 2005 and 2006 due to changes in record keeping.

Once the information was received from local governments, MDCALA examined the impact of litigation costs on municipal budgets by comparing the data received to city and county budget documents available publically on the Internet to find budget line items for cost comparison purposes. Sources for these items are hyperlinked throughout the report.



Baltimore City Litigation Costs

In fiscal years 2005-2009, Baltimore City spent over \$20.8 million on litigation costs (which include monies spent on verdicts, settlements and outside counsel payments):

Jurisdiction	FY05 Costs	FY06 Costs	FY07 Costs	FY08 Costs	FY09 Costs	TOTAL
<i>Baltimore City</i>	\$5,872,831	\$4,200,000	\$4,300,000	\$4,200,000	\$2,263,490	\$20,836,321

In order to understand the weight of these costs, this report compared the costs to city programs requiring similar levels of funding.

In FY 2005, the \$5.8 million that Baltimore City spent on litigation costs could have been used to pay for:

- Textbook upgrades for the entire Baltimore City Public School System.¹

In FY 2006, the \$4.2 million that Baltimore City spent on litigation costs could have been used to pay for:

- Acquisition and implementation of over 125 CCTV cameras to help fight crime and improve safety (estimated in the budget as \$4 million);² OR
- After-school programming to connect approximately 2,754 children with caring adults in safe and supportive atmospheres.³

In FY 2007, the \$4.3 million that Baltimore City spent on litigation costs could have been used to pay for:

- The base salary of approximately 1,075 police officers.⁴

In FY 2008, the \$4.2 million that Baltimore City spent on lawsuits could have been used to pay for:

- The Youth Opportunity program – YO! Baltimore – which provides over 1,000 out of school and unemployed youth with academic, career readiness and personal growth counseling at two Youth Opportunity Centers (GED classes, job preparation, work experience, internship, computer courses, health services);⁵ AND

¹ <http://www.baltimorecity.gov/LinkClick.aspx?fileticket=yZSPhe0nYMk%3d&tabid=215&mid=527>

² <http://www.baltimorecity.gov/LinkClick.aspx?fileticket=J5mTjHFINDg%3d&tabid=215&mid=527>

³ <http://www.baltimorecity.gov/LinkClick.aspx?fileticket=J5mTjHFINDg%3d&tabid=215&mid=527>

⁴ http://www.baltimorecity.gov/LinkClick.aspx?fileticket=a_t1mfgq0lg%3d&tabid=215&mid=527

⁵ <http://www.baltimorecity.gov/LinkClick.aspx?fileticket=veeLQLjCQkw%3d&tabid=215&mid=527>

- The entire budget of the Office of Employment Development's One Stop Career Center and Workforce Services for employment and training opportunities to promote marketability of city residents (job preparation, placement, computer courses, skills training opportunities).⁶

In FY 2009, the \$2.2 million that Baltimore City spent on litigation costs could have been used to pay for:

- The entire violent crime reduction program sponsored by the Baltimore City Police Department.⁷

⁶ <http://www.baltimorecity.gov/LinkClick.aspx?fileticket=veeLQLjCQkw%3d&tabid=215&mid=527>

⁷ <http://www.baltimorecity.gov/LinkClick.aspx?fileticket=BZe4C6ZxiPE%3d&tabid=215&mid=2719>



Montgomery County Litigation Costs

In fiscal years 2007, 2008 and 2009, Montgomery County spent over \$7.2 million on litigation costs (which include monies spent on verdicts, settlements and outside counsel payments):

Jurisdiction	FY05 Costs	FY06 Costs	FY07 Costs	FY08 Costs	FY09 Costs	TOTAL
Montgomery County	Data Unavailable	Data Unavailable	\$6,002,999	\$744,346	\$514,269	\$7,261,614

In order to understand the weight of these costs, this report compared the costs to County programs requiring similar levels of funding.

In FY 2007, the more than \$6 million that Montgomery County spent on litigation costs could have been used to pay for:

- The Shelter Service Program, which provides housing to families with children and single adults on a season and emergency basis (\$5.7 million).⁸

In FY 2008, the more than \$740,000 that Montgomery County spent on litigation costs could have been used to pay nearly the entire budget for:

- The Conservation Corps program which seeks to increase the employability of out-of-school, at-risk 17 to 24 year old youth by providing opportunities for personal growth, education, and training (\$797,220).⁹

In FY 2009, the more than half a million dollars that Montgomery County spent on litigation costs could have been used to pay for nearly the entire budget for the following two recycling programs:

- Recycling outreach and education program to raise awareness about the importance of recycling (\$357,460); AND
- Support for recycling volunteers to motivate citizens to actively participate in recycling (\$198,870).¹⁰

⁸ http://www.montgomerycountymd.gov/content/omb/FY09/psprec/hh_special_needs_housing.pdf

⁹ <http://www.montgomerycountymd.gov/content/omb/FY08/appr/vol1/hhs-cyfs.pdf>

¹⁰ <http://www.montgomerycountymd.gov/content/omb/FY09/psprec/sws.pdf>



Prince George's County Litigation Costs

In fiscal years 2005-2009, Prince George's County spent nearly \$30.7 million on litigation costs (which include monies spent on verdicts, settlements and outside counsel payments):

Jurisdiction	FY05 Costs	FY06 Costs	FY07 Costs	FY08 Costs	FY09 Costs	TOTAL
<i>Prince George's County</i>	\$7,055,495	\$4,914,576	\$1,286,493	\$3,292,332	\$1,418,147	\$17,967,043

In order to understand the weight of these costs, this report compared the costs to County programs requiring similar levels of funding.

In FY 2005, the more than \$7 million that Prince George's County spent on litigation costs could have been used to pay for:

- Three new police recruit classes to address the attrition of sworn officers.¹¹

In FY 2006, the more than \$4.9 million that Prince George's County spent on litigation costs could have been used to pay for:

- A grant from the County for the Maryland Jobs Initiative aimed at helping to prepare and place individuals in work opportunities (\$4.8 million).¹²

In FY 2007, the nearly \$1.3 million that Prince George's County spent on litigation costs could have been used to pay for almost all:

- Library renovations in multiple branches and the design of a new library in South Bowie (\$1.4 million).¹³

In FY 2008, the nearly \$3.3 million that Prince George's County spent on litigation costs could have been used to pay for:

¹¹http://www.princegeorgescountymd.gov/Government/AgencyIndex/OMB/Budget_2005/opr_bgt/Pub_Safety/pgs_269-279_Police-Dept.pdf

¹²

http://www.princegeorgescountymd.gov/Government/AgencyIndex/OMB/approved_budget_fy2006/index.asp

¹³http://www.princegeorgescountymd.gov/Government/AgencyIndex/OMB/approved_budget_fy2007/Approvedpdfs/EducationandLibrary/MemorialLibrary.pdf

- Bridge repair and replacement projects (\$3 million)¹⁴; OR
- An assistance program for seniors to allow them to meet their daily living and housing needs (\$3 million)¹⁵.

In FY 2009, the nearly \$1.4 million that Prince George's County spent on litigation costs could have been used to pay for:

- 31 new teachers for Prince George's County Public School System.¹⁶

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http://www.princegeorgescountymd.gov/Government/AgencyIndex/OMB/Approved_Budget_FY2008/index.asp

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http://www.princegeorgescountymd.gov/Government/AgencyIndex/OMB/Approved_Budget_FY2008/index.asp

¹⁶http://www.princegeorgescountymd.gov/Government/AgencyIndex/OMB/Approved_Budget_FY2009/Approvedpdfs/education/board_education.pdf

About MDCALA

MDCALA is a nonprofit, nonpartisan grassroots watchdog organization dedicated to educating the public about the costs and consequences of lawsuit abuse and ensuring that our legal system is used for justice, not greed.

Lawsuit abuse hurts the economy, threatens our access to affordable, quality healthcare and delays justice for the truly injured. MDCALA's goal is to help restore balance, fairness and common sense to our civil justice system by shining a light on frivolous lawsuits and abusive personal injury lawyer tactics.

Help stop lawsuit abuse today! Contact MDCALA at:

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