

Department of Legislative Services
 Maryland General Assembly
 2005 Session

FISCAL AND POLICY NOTE

House Bill 986 (Delegates Zirkin and Morhaim)
 Judiciary

Department of Juvenile Services - Victor Cullen Center

This bill provides that, by July 1, 2007, the Victor Cullen Center (Cullen) must be a regional committed facility with no more than 48 beds. Cullen must serve children from Allegany, Frederick, Garrett, Montgomery, and Washington counties.

The Governor must include sufficient funds in the fiscal 2008 State budget to implement the provisions of this bill.

Fiscal Summary

State Effect: General fund expenditures would increase by an estimated \$750,000 in FY 2006 for construction and renovation costs only. Future years reflect hiring and operational costs. Revenues would not be affected.

(\$ in millions)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	.8	2.3	6.4	6.6	6.9
Net Effect	(\$.8)	(\$2.3)	(\$6.4)	(\$6.6)	(\$6.9)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: The Department of Juvenile Services (DJS) may establish and operate facilities necessary to diagnose, care for, train, educate, and properly rehabilitate children who need these services. DJS may also place children in group homes and institutions that are operated by private providers and reimburse the providers for the services. DJS may not, however, place a child in a facility that is not operating in compliance with State licensing laws.

Background: The Victor Cullen Center was closed in April 2002 following abuse allegations against Youth Services International, the former services provider.

State Expenditures: General fund expenditures could increase by an estimated \$750,000 in fiscal 2006 for renovation costs. Operating expenses, including hiring costs for 89 employees, are not factored in until fiscal 2007.

Most of Cullen's buildings remain intact and DJS estimates that it will cost approximately \$1 million for building renovations. The capital costs are being spread over the first two years, with \$750,000 allocated for fiscal 2006 and \$250,000 allocated for fiscal 2007.

Fourteen of the 89 total permanent employees needed for the facility, including maintenance personnel, administrators, and supervisory staff, could be hired on January 1, 2007. The balance of the permanent employees and the contractual employees will be hired on April 1, 2007. General fund expenditures for fiscal 2007 would increase by an estimated \$2,277,317. It includes salaries, fringe benefits, remaining construction costs, and initial operating expenses for the facility, as shown below.

Salaries and Fringe Benefits	\$1,449,896
Renovation Costs and Equipment	544,286
Other Operating Costs	<u>283,135</u>
Total FY 2007 Expenditures	\$2,277,317

Future year expenditures reflect: (1) full salaries with 4.6% annual increases and 3% employee turnover and full salaries with 4.6% annual increases and 6.8% employee for contractual employees; and (2) 1% annual increases in ongoing operating expenses.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Juvenile Services, Department of Legislative Services

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mam/jr

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