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Department of Juvenile Justice

Operating Budget Data

(\$ in Thousands)

	FY 01	FY 02	FY 03		% Change
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>	<u>Prior Year</u>
General Fund	\$143,365	\$162,164	\$178,663	\$16,499	10.2%
Special Fund	261	141	257	116	81.6%
Federal Fund	14,325	16,798	15,243	(1,555)	(9.3%)
Reimbursable Fund	<u>3,809</u>	<u>3,477</u>	<u>4,306</u>	<u>829</u>	<u>23.8%</u>
Total Funds	\$161,761	\$182,581	\$198,469	\$15,888	8.7%

- As part of fiscal 2002 cost containment, the department's budget was reduced by \$1.409 million.
- Most of the increases in the fiscal 2003 allowance relate to personnel costs and the delayed opening of three new facilities: Baltimore City Juvenile Justice Center; Western Maryland Detention Center; and Lower Eastern Shore Detention Center.
- Significant programmatic increases are found in the area of assessment of youth at admission and aftercare.

Personnel Data

	FY 01	FY 02	FY 03	
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>
Regular Positions	1,612.50	2,122.70	2,128.20	5.50
Contractual FTEs	<u>317.25</u>	<u>135.25</u>	<u>139.90</u>	<u>4.65</u>
Total Personnel	1,929.75	2,257.95	2,268.10	10.15

Vacancy Data: Regular Positions

Budgeted Turnover: FY 03	142.59	6.7%
Positions Vacant as of 12/31/01	668.85	31.5%

- The allowance includes 15 full-time equivalent (FTE) new positions, predominantly for a new admissions assessment team.
- 9.5 FTE positions are abolished.

Note: Numbers may not sum to total due to rounding.

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Analysis in Brief

Issues

Department of Juvenile Justice Reforms: An Update: The final report on the Department of Juvenile Justice's (DJJ) recent programmatic and management reforms is reviewed. Achievements and ongoing areas of concern are discussed.

New Programming Is Proposed at, or Instead of, Victor Cullen Center: Following-up from its internal audit of the programming at the Victor Cullen Center, continued issues surrounding the facility have prompted the department to propose new programming for youth currently served at Victor Cullen. The site may or may not continue to be used.

Cheltenham: Demolition Is a Step Closer: After committing to demolish Cheltenham in the 2001 session, DJJ has funds in the Capital Budget for demolition. However, a Part I and II program plan has not yet been approved by the Department of Budget and Management. Proposals for redevelopment will be reviewed.

Title IV-E Funding: A review of recent federal Title IV-E attainment in the department is provided.

State Should Accelerate Pursuit of Revenue Maximization Options: Maximus, Inc. has been retained by the State to identify revenue maximization options. The consultant has identified two approaches which may allow Maryland to claim federal Medicaid dollars for child welfare and juvenile justice services currently financed with general funds. State efforts to pursue the additional dollars have fallen prey to bureaucratic inertia.

Recommended Actions

	<u>Funds</u>	<u>Positions</u>
1. Reduce funding and delete positions for Hagerstown Holdover Facility.	\$ 347,000	11.0
2. Delete 15 new positions.	471,866	15.0
3. Delete seven full-time equivalent positions which had been vacant for over 12 months prior to the hiring freeze.		7.0
4. Reduce general funds based upon expected federal IV-E attainment.	800,000	
5. Reduce funds for summer programs based on utilization.	250,000	

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6.	Reduce general funds in the allowance based on the availability of fiscal 2002 funds which can be used for anticipated fiscal 2003 expenses.	2,415,000	
7.	Adopt narrative requesting the Department of Juvenile Justice to report back to the budget committees on plans to replace the current programming at Victor Cullen.		
	Total Reductions	\$ 4,283,866	33.0

Updates

Department of Juvenile Justice Audit Report, May 2001: In May 2001, the Office of Legislative Audits released an audit report for DJJ for the period September 1996 to February 2000. Key findings from that audit, and the department's response, are reviewed.

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Operating Budget Analysis

Program Description

Functionally, the Department of Juvenile Justice (DJJ) is broken down into four major sections:

- **Office of the Secretary** which includes communications, budget and finance, research, risk management, and the equal employment office;
- **Departmental Support** which includes human resources, capital planning, property management, procurement, information technology, professional development and training, and risk management;
- **Professional Responsibility and Accountability** which includes child advocacy, audits, professional standards, and quality assurance; and
- **Restorative Justice Operations** which includes within it:
 - *Admissions*, including intake and assessment (including health) as well as related services;
 - *Residential Services*, including private and State residential facilities as well as related services; and
 - *Community Justice Supervision*, including pre-court supervision, probation, aftercare, and community detention utilizing a five area configuration (Western Maryland, Frederick and Montgomery counties, Northern Maryland, Baltimore City, Southern Maryland, and the Eastern Shore).

Fiscal 2002 Actions

As part of fiscal 2002 cost containment, DJJ's general fund appropriation was reduced by \$1.345 million, or 0.82%. Of this, \$664,000 was taken from the Baltimore City Juvenile Justice Center (BCJJC), the opening of which has been further delayed. These savings are attributed to the hiring freeze. Hiring freeze savings in fiscal 2003 are expected to yield an additional \$272,000, with most of the savings again derived from BCJJC. Operating budget reductions of \$681,000 were made from per diem awards to Victor Cullen which will be lower than budgeted, and an additional \$64,000 reduction was made by the Department of Budget and Management (DBM) related to telecommunications lease charges.

Governor's Proposed Budget

The fiscal 2003 allowance provides for an almost \$15.9 million increase over the fiscal 2002 working appropriation, (8.7%). Specifics components of change are shown in **Exhibit 1**.

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Exhibit 1

**Governor's Proposed Budget
Department of Juvenile Justice
(\$ in Thousands)**

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
2002 Working Appropriation	\$162,164	\$141	\$16,798	\$3,477	\$182,581
2003 Governor's Allowance	178,663	257	15,243	4,306	198,469
Amount Change	\$16,499	\$116	(\$1,555)	\$829	\$15,888
Percent Change	10.2%	81.6%	(9.3)%	23.8%	8.7%

Where It Goes:

Personnel Expenses (excluding new facilities and initiatives)	\$6,901
Turnover adjustment	\$4,831
Annualization of fiscal 2002 salary increase	1,302
Workers' compensation	943
Fiscal 2003 increments	791
Health insurance	520
New positions (1 full-time equivalent (FTE))	47
Other adjustments	(122)
Net hiring freeze	(179)
Abolished positions (5.5 FTEs)	(238)
Deferred compensation match	(457)
Miscellaneous adjustments	(537)
Contractual Assistance	(\$1,970)
Adjustments to contractual payroll	(1,970)
New facilities	\$8,862
Baltimore City Juvenile Justice Center	6,278
Western Maryland Center (includes 2 new FTE positions)	1,944
Lower Eastern Shore Detention Center (includes 4 abolished and 2 new FTE positions)	640

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Where It Goes:

Other Program Changes	\$1,419
Aftercare contracts	1,500
Enhanced admissions (includes 10 new FTE positions)	923
Community detention (equipment rental)	193
O'Farrell Center	122
Victor Cullen Center	(319)
Evening reporting centers	(1,000)
Miscellaneous Adjustments	\$501
Replacement of obsolete computer equipment	739
Rent	236
IT installment payments for equipment at BCJJC	136
DBM telecommunications	(287)
Motor vehicles	(323)
Other	175
Total	\$15,888

Note: Numbers may not sum to total due to rounding.

Personnel Expenses

Personnel expenses, excluding new facilities and initiatives, increase by just over \$6.9 million. The biggest adjustment is a significantly lower turnover requirement. The fiscal 2002 allowance for DJJ included a turnover rate of over 10% for existing positions (excluding new positions added in the fiscal 2002 allowance). The fiscal 2003 allowance provides significant turnover relief (\$4.8 million). Other major expenses are:

- the annualization of the fiscal 2002 cost-of-living adjustment which was effective January 1, 2002 (\$1.3 million);
- an increase in the workers' compensation assessment (\$943,000);
- proposed fiscal 2003 increments effective January 1, 2003 (\$791,000); and
- rising health insurance costs (\$520,000).

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As of December 31, 2001, the vacancy rate for DJJ was 31.5%, 668.85 full-time equivalents (FTE). However, this rate is distorted by the fact that the fiscal 2002 allowance added many new positions to DJJ for three facilities which the department anticipated would be opening in fiscal 2002: BCJJC, the Western Maryland Detention Center, and Lower Eastern Shore Detention Center. If vacancies and positions from those facilities are excluded, the vacancy rate falls to 20.45%, 373.65 FTEs. While high, this would not be unusual for DJJ given the fact that the department has also been undertaking a lot of contractual conversions and hiring for other new positions which it has to stagger throughout the fiscal year.

The effective turnover rate (turnover plus cost containment) for DJJ in the fiscal 2003 allowance is 7.9%. However, this figure is distorted by turnover at the Lower Eastern Shore Detention Center which is not scheduled to open until the last months of fiscal 2003. Excluding that facility from the calculation, the effective turnover rate falls to 6.9%. DJJ clearly has the flexibility to meet the effective turnover rate.

The Department of Legislative Services (DLS) would point out that on December 31, 2001, DJJ had 50 FTE vacancies that had been vacant for over one year prior to the imposition of the hiring freeze. Of these, 80% had been vacant since the beginning of fiscal 2001. Of the 50 long-term vacancies, 38 FTEs are identifiable as direct care workers, with 12 FTEs as administrative positions (see **Exhibit 2**). **Mindful of the agency's need to meet turnover and cost containment, DLS recommends deleting 7 of these administrative positions (excluding the research positions and 3 positions – 018542, 0727748, and 078647 – which the Governor's Chief of Staff has exempted from the hiring freeze) but not the attached funding.** The agency can justify the need for the positions to the next Governor and legislature.

Exhibit 2

**Department of Juvenile Justice
Long-term Vacant Administrative Positions**

<u>PIN</u>	<u>Title</u>	<u>Months Vacant</u>
077373	Administrative Officer	18
077337	Administrative Specialist	18
053987	Agency Budget Specialist	17
018542	Fiscal Services Administrator	16
076257	Research Statistician	16
078566	Research Statistician	18
076260	Volunteer Activities Coordinator	30
078571	Employment Training Specialist	18
027748	Personnel Clerk	14
078577	Senior Program Manager	18
078575	Administrative Officer	18
078647	Juvenile Justice Program Specialist	18

Source: Department of Budget and Management

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There are **15 FTE new positions** in the allowance, including those in new facilities and a proposed enhanced admissions initiative discussed in more detail below. However, DJJ has sufficient existing vacant positions (including vacancies in virtually all the job classifications it is proposing to hire) that it can use for this programming without the need for new positions while still meeting turnover requirements. **Thus, DLS recommends deleting 15 FTE new positions and the associated funding (\$472,000).** Further, DLS would note that one position, a staff attorney position, does not meet Spending Affordability Committee guidelines for new positions.

The allowance also **abolishes 9.5 FTE positions**, a reduction of \$268,000, including 4 positions that were originally requested for the Lower Eastern Shore Detention Center.

Contractual Expenses

Contractual expenses fall by just under \$2.0 million. The bulk of this reduction reflects the final year of contractual conversion within the department. In the fiscal 2003 allowance, the extent of contractual employment is down to 6.2% of total employment. While this is still slightly above the statewide average (excluding higher education) of 5.2%, it represents marked improvement over fiscal 1999 when contractual employment accounted for 36.6% of DJJ's total workforce.

New Facilities

The fiscal 2002 budget included positions and funding for three new facilities that the department anticipated opening in fiscal 2002:

- ***Western Maryland Detention Center:*** A 28,000 square-foot facility to be built adjacent to the Hagerstown Maryland National Guard Armory. The facility will have 24 detention beds and relieve overcrowding at the Noyes Center in Montgomery County as well as eliminate the need for the 24-hour holdover facility in Hagerstown.

The estimated completion date for this project reported in the fiscal 2002 budget deliberations was June 2002. The Department of General Services (DGS) is now reporting that construction should be complete by late July 2002, with operations commencing in early September 2002. The fiscal 2003 allowance provides for a full year of operations at the facility, representing a \$1.944 million increase over the fiscal 2002 appropriation, and includes two additional positions, to bring the staffing level to 40 FTE regular positions.

However, the fiscal 2003 allowance still contains full funding for the Hagerstown holdover facility. The closure of this facility, which is a poor physical plant, was always anticipated when the Western Maryland Detention Center was constructed, and DLS sees no reason to continue it. **Recognizing that the facility will only be needed for the first quarter of fiscal 2003, DLS recommends reducing funding for the holdover facility by \$347,000 in general funds. DLS also recommends deleting the 11 FTE positions.** DJJ can make appropriate decisions about staffing the facility during the transition and which FTEs to delete. If the construction is delayed, the agency can use funds that will not be spent at the detention center to keep the holdover open until the detention center is operational.

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Based on the revised projected completion date, DLS also believes that some of the fiscal 2002 allowance for operating expenses will not be spent in fiscal 2002. Providing for a one month delay reduces operating expenses by \$80,000. **DLS recommends that the fiscal 2003 allowance be reduced by \$80,000 and that DJJ can encumber this \$80,000 against anticipated fiscal 2003 expenses (for example in equipment replacement or contracts).**

- ***Lower Eastern Shore Detention Center:*** This is a 28,000 square-foot facility to be built on the grounds of the Wicomico County Detention Center. The facility will have 24 detention beds and relieve overcrowding at the Carter Center in Kent County.

The estimated completion date for this project reported in the fiscal 2002 budget deliberations was December 2002, and as a result fiscal 2002 funding was reprogrammed within the department. DGS reports that construction is now expected to be complete in January 2003, with the facility not operational until towards the end of the fiscal year. The fiscal 2003 allowance (\$640,000) reflects this estimate. The allowance also calls for the abolition of four food service positions originally provided for the center (because food will be obtained from the adjacent Wicomico County Detention Center), and the creation of two new positions for a total staffing level of 36 FTE regular positions.

- ***BCJJC:*** A 239,000 square-foot complex which will serve as a centralized detention center for Baltimore City youth, including an intake unit, DJJ support services, Juvenile Courts, and space for the State Attorney, Public Defender, DJJ aftercare and probation, and other services necessary to process youth from detention through the judicial system.

This project has been oft-delayed. Originally scheduled for completion in August 1999, the last estimated completion date reported in the fiscal 2002 budget deliberations was January 2002 with an opening date of April 2002. According to DGS, BCJJC will not be available for occupancy before June 2002 and not operational until September 2002.

The fiscal 2002 legislative appropriation contained almost \$4.6 million for BCJJC. At issue is how much of the fiscal 2002 legislative appropriation for BCJJC will now be needed for that purpose. As indicated in **Exhibit 3:**

- DJJ utilized \$664,000 of this for hiring freeze cost containment (see earlier discussion).
- The delay in the opening of BCJJC has somewhat complicated the planned reconstruction of Cheltenham. During last year's budget deliberations the legislature adopted budget bill language requiring \$1 million to be transferred from the Cheltenham budget into community-based diversion initiatives. Clearly, the department will need \$1 million from the BCJJC appropriation to cover that transfer from Cheltenham.
- Some staffing-up of the facility will be required in fiscal 2002 prior to the September opening. The amount included represents one-third of the original appropriation.

Exhibit 3

Disposition of Fiscal 2002 Legislative Appropriation for BCJJC

<u>Item</u>	<u>Total</u>
Legislative Appropriation	\$4,599,841
Fiscal 2002 cost containment (hiring freeze)	(664,000)
Cheltenham transfer offset	(1,000,000)
Staffing-up at BCJJC for fiscal 2003 opening	1,535,841
Subtotal	\$3,199,841
Remainder	1,400,000

Source: Department of Juvenile Justice; Department of Legislative Services

- However, that still leaves \$1.4 million of the fiscal 2002 appropriation for BCJJC available.

DLS recommends that the fiscal 2003 allowance be reduced by \$1.4 million and that DJJ can encumber this \$1.4 million against anticipated fiscal 2003 expenses (for example in equipment replacement or contracts).

Other Program Changes

The allowance includes three major programmatic changes:

- Funding for **evening reporting centers** was reduced. Evening reporting centers were part of a fiscal 2002 \$3.5 million expansion of community-based diversion programming. According to the department, \$2 million is planned to be distributed via the Local Management Boards (LMBs).

The remaining \$1.5 million was for evening reporting centers. However, only three centers (at a cost of \$565,000) have been opened in fiscal 2002. The fiscal 2003 funding allows these centers to remain open. According to DJJ the remaining \$935,000 in the fiscal 2002 appropriation is still available. **Thus, DLS recommends that the fiscal 2003 allowance be reduced by \$935,000 and that DJJ can encumber this \$935,000 against anticipated fiscal 2003 expenses (for example in equipment replacement or contracts).**

- Contractual funding for **aftercare programming** is expanded by \$1.5 million. In fiscal 2002 DJJ reprogrammed regular salary and wages funding to support the contractual funding of aftercare (although this is not yet reflected in the fiscal 2002 working appropriation). However, no reduction is made to aftercare employment positions in fiscal 2003, indicating that those positions remain available to DJJ to essentially expand its aftercare efforts.

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- A **dedicated assessment team is created in Admissions** designed to screen youth at risk and assess service needs. This team, consisting of 10 FTE new positions, will be supported by management work performed by The Johns Hopkins University and the University of Maryland under a \$600,000 contract.

Miscellaneous Adjustments

The other notable adjustments to the department's budget was \$739,000 for replacement of obsolete computer equipment. In fiscal 2004, the department hopes to begin a regular three- to four-year replacement schedule for computer equipment.

Performance Analysis: Managing for Results

Juvenile Arrest Data

Exhibit 4 presents certain juvenile arrest data for calendar 1995 through 2000. The data uses distinctions found in the *Uniform Crime Reports* (UCR). Part 1 arrests are arrests for murder, manslaughter, rape, robbery, felonious assault, breaking or entering, larceny-theft, motor vehicle theft, and arson. Part 2 arrests are all other arrests and include such things as vandalism, drug abuse violations, weapons offenses, and fraud. The exhibit also distinguishes Part 1 arrests between violent and property crimes.

A number of interesting points can be made from Exhibit 4:

- All measures except the number of Part 2 arrests and the overall arrest rate show a decline over the period from 1995 to 2000;
- Violent crime arrest rates actually increase in 2000. The number of arrests for violent crimes increases by 6.9% from 1999 to 2000, with violent crime rates increasing by a smaller 2.4%.
- This trend in violent crime arrests results in Part 1 arrests increasing 0.5% from 1999 to 2000, although the Part 1 arrest rate still falls (3.7%).

Exhibit 4

**Juvenile Arrest Data (Age 10 through 17) – Maryland
Calendar 1995 through 2000**

	<u>CY 1995</u>	<u>CY 1996</u>	<u>CY 1997</u>	<u>CY 1998</u>	<u>CY 1999</u>	<u>CY 2000</u>	<u>Ann % Change 1995-2000</u>	<u>% Change 1999-2000</u>
Total Arrests	49,164	53,824	52,504	52,319	48,332	48,167	(0.4)%	(0.3)%
Arrest Rate	9,180.4	9,919.9	9,444.2	9,216.3	8,247.9	7,875.0	0.3%	(4.5)%
Part 1 Arrests	17,948	18,723	18,336	16,263	15,045	15,116	(3.4)%	0.5%
Part 1 Arrest Rate	3,351.4	3,450.7	3,298.2	2,864.8	2,567.5	2,471.4	(5.9)%	(3.7)%
Part 1 Arrests:								
● Violent Crimes	3,539	3,918	3,646	3,042	2,995	3,202	(2.0)%	6.9%
Violent Crime Rate	660.8	722.1	655.8	535.9	511.1	523.5	(4.6)%	2.4%
● Property Crimes	14,409	14,805	14,690	13,221	12,050	11,914	(3.7)%	(1.1)%
Property Crime Rate	2,690.6	2,728.6	2,642.4	2,329.0	2,056.4	1,947.9	(6.3)%	(5.3)%
Part 2 Arrests	31,216	35,101	34,168	36,056	33,287	33,051	1.1%	(0.7)%
Part 2 Arrest Rate	5,829.0	6,469.2	6,146.0	6,351.5	5,680.5	5,403.7	(1.5)%	(4.9)%

CY - Calendar year

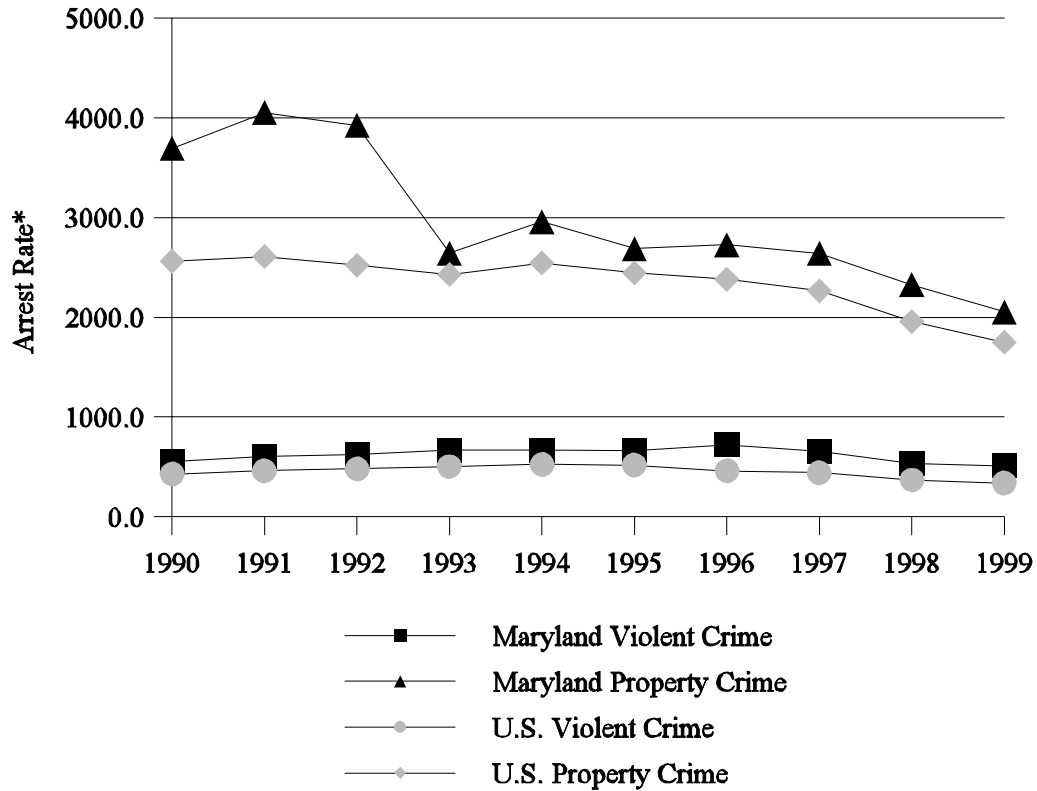
Note: All arrest rates are arrests per 100,000 juveniles aged 10 to 17.

Source: Maryland State Police, *Uniform Crime Report*; Office for Children, Youth, and Families; Department of Legislative Services

Comparing Maryland's arrest rate to the nation is difficult, for example because of different policing standards and priorities. However, as shown in **Exhibit 5**, trends in Maryland's violent and serious property crime index have broadly mirrored the national average, especially since the mid-1990s. At the time of writing, no national juvenile violent crime arrest data was available for 2000. It will be interesting to see if the apparent leveling-out of the Maryland violent crime arrest trend is true nationwide.

Exhibit 5

Juvenile Violent and Serious Property Crime Index
Maryland and the U.S.
1990 through 1999



*Arrest rate per 100,000 juveniles, ages 10 to 17.

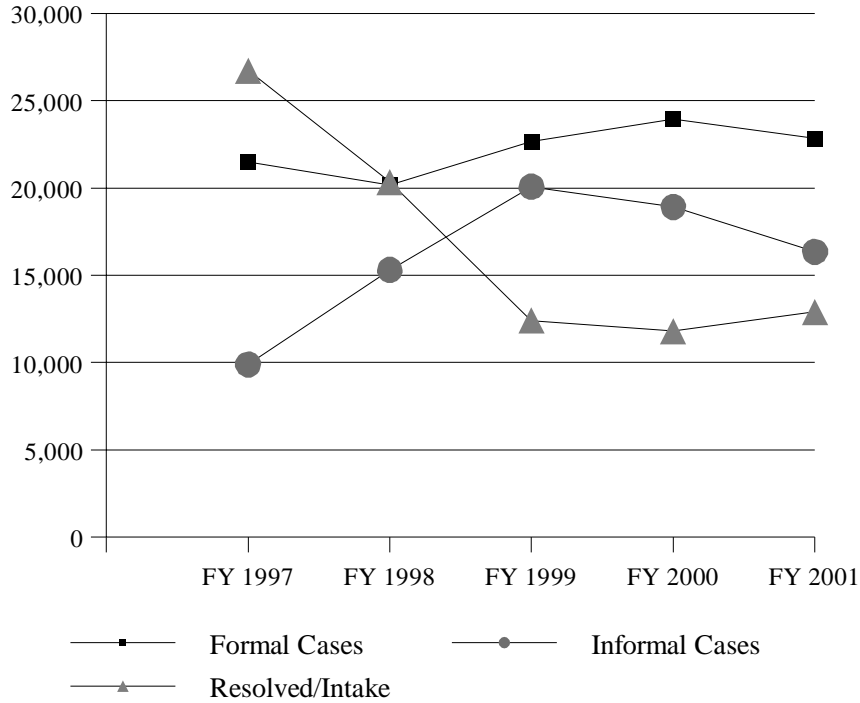
Source: *Uniform Crime Reports*; Office for Juvenile Justice and Delinquency Prevention; Statistical Briefing Book (December 2000)

DJJ Populations

In fiscal 2001, DJJ received 52,375 complaints, 4.2% lower than fiscal 2000. This rate of decline is higher than for fiscal 1997 to 2001, where the average annual decline was 2.6%. **Exhibit 6** details the trends in complaint disposition at DJJ. There are four points to be made from this exhibit:

Exhibit 6

**DJJ Complaint Disposition
Fiscal 1997 through 2001**



	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Formal Cases	21,508	20,183	22,667	23,955	22,833
Informal Cases	9,882	15,311	20,075	18,912	16,343
Resolve/Intake	26,740	20,343	12,410	11,792	12,906
Total	58,130	55,837	55,152	54,659	52,375

Note: In fiscal 2001 DJJ was not able to confirm the complaint disposition of 293 complaints. Thus, the sum of the numbers shown in Exhibit 6 for fiscal 2001 do not match the total number of complaints.

Source: Department of Juvenile Justice

- Formal caseloads, those complaints determined by an intake officer as requiring formal court action in order to protect the public and ensure offender accountability, show a small increase between fiscal 1997 and 2001, increasing by an average of 1.5% per year. This increase was actually diminished by a 4.7% drop in formal cases between fiscal 2000 and 2001.

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- Complaints resolved at intake, those complaints determined by an intake officer to require no further intervention by DJJ or the court to protect the public or help the youth, fell dramatically from fiscal 1997 to 2001, by an average of 16.6% per year. Interestingly, despite caseloads falling overall, the number of cases resolved at intake increased by 9.4% between fiscal 2000 and 2001, the first increase in the period under discussion.
- The trend in complaints resolved at intake is almost exactly the opposite of complaints resolved through informal supervision. Informal supervision occurs when an intake officer determines that the youth, or the youth's family, is required to seek assistance in preventing further legal violations, but where the youth does not require and/or may not benefit from judicial intervention or long-term formal supervision. Complaints that resulted in informal supervision increased by an average 13.4% per year between fiscal 1997 and 2001. However, this number actually dropped by 13.6% between fiscal 2000 and 2001.
- At this time, there remain 293 complaints received in fiscal 2001 for which DJJ did not know the complaint disposition. This is down from 705 unknown cases as reported to DLS in November 2001.

Trends in Detention

During fiscal 2002 budget deliberations, the legislature expressed its intent that the Cheltenham Youth Facility be downsized. DJJ expressed its intent to do so and also to limit secure detention to only the most serious violent offenders. As shown in **Exhibit 7**:

- DJJ has been successful in reducing the number of youth in detention. In calendar 2001, there was net reduction of 51 youth in secure detention (16.3%).
- The number of youth in secure detention at Cheltenham has been reduced from 160 in January 2001 to 105 (35%) in December 2001 (and was down to 94 as of January 24, 2002).
- The reduction at Cheltenham is a combination of two things: the overall reduction in detention and the increased use of the Hickey school for detention. The expansion of detention at Hickey was accommodated based on the movement of the medium-security impact program from Hickey to Victor Cullen. The opening of the BCJJC should reduce the need to use Hickey for secure detention.
- Interestingly, secure detention numbers rose sharply in October and November. DJJ notes that such an increase is not atypical at the beginning of a school year, but this increase was much sharper than in prior years and appears to be due to higher levels of detention placements initiated by the courts rather than at the request of DJJ.

Exhibit 7

**Secure Detention Average Daily Population
Calendar 2001**

	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>Change Jan-Dec.</u>
Cheltenham	160	154	159	133	127	137	123	125	105	141	155	105	-55
Noyes	44	37	42	38	40	40	35	34	35	46	34	31	-13
Carter	19	25	23	22	23	22	20	16	16	19	22	19	0
Holdover	2	3	2	2	2	2	1	1	1	1	2	0	-2
Hickey	43	41	44	40	43	39	44	42	73	85	79	85	42
Waxter	45	41	35	31	33	28	34	32	29	24	29	22	-23
Total	313	301	305	266	268	268	257	250	259	316	321	262	-51

Source: Department of Juvenile Justice

Recidivism

Since fiscal 2000, DJJ has prepared a recidivism report in a format similar to recidivism reports issued by the Department of Public Safety and Correctional Services. The preparation of this report resulted from a request made by the General Assembly in fiscal 1999 budget deliberations, and DLS has requested the report since that time. While the data was drawn only from DJJ's deep-end committed residential programs, it provided the legislature with a generally-accepted outcome measure.

Recidivism data typically tracks a cohort of youth over a three-year period following their release, measuring subsequent contact with either the juvenile or adult system. However, in preparing this data at DLS's request for the current budget deliberations, DJJ noted that the transfer of data from the old youth tracking system (ISYS) to the Automated Statewide Support and Information System (ASSIST) had been difficult, and it was only possible to begin tracking youth effective calendar 2000 (essentially losing the ability to track the cohort for fiscal 1999 and the first half of 2000). It also means that youth can only be tracked for one year rather than three years. Additionally, DJJ was unable to get data dealing with subsequent contact with the adult system.

These caveats in mind, **Exhibit 8** presents the relevant comparable data for youth released in calendar 2000 in comparison to youth released in fiscal 1995, 1997, and 1998. While the data is somewhat encouraging, DJJ concedes that no firm conclusions can be reached as the data remains unreliable especially in the area of court findings and court dispositions.

Managing for Results Submission

DJJ's Managing for Results (MFR) continues to be a work in progress. The MFR certainly reflects the renewed emphasis on the kind of programming that DJJ believes that it should be delivering to this populations for example, mental health and substance abuse screening, services that meet the Individual Service Plans (ISPs) prepared for youth entering committed programs, informal supervision, or probation, implementation of Individual Education Plans (IEPs) for youth in DJJ residential care, and appropriate use of intake risk assessment instruments.

However, the MFR raises other issues:

- The need for the programming that has been the focus of the department in the past two years is borne out by the limited historical data used in the MFR. For example, although it has been policy that all youth entering detention and shelter care be screened using the Substance Abuse Subtle Screening Inventory (SASSI), this is shown not to have been the case. Again, even though every youth eligible for special education should have an IEP, it is not known how many of those IEPs were implemented.
- Outcome measures and outcome data are virtually absent from the MFR. Recidivism, for example, is not mentioned in the MFR.
- There is limited historical data, and establishing baseline data and benchmarks remains an issue. This is true even for programs that the administration has established in recent years such as Spotlight on Schools and early Break-the-Cycle.

Exhibit 8

**Recidivism Rates for Youth Released in Fiscal 1995, 1997, 1998 and Calendar 2000
Recidivism within Juvenile System Only and within One Year of Release (%)**

	<u>FY 1995</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>CY 2000</u>
Re-referral	40	43	40	34
Re-adjudication	16	19	16	10
Re-commitment	10	13	13	6

Note: Percentages are of total youth in study: 1,270 in fiscal 1995; 1,735 in fiscal 1997; 1,776 in fiscal 1998; and 1,355 in calendar 2000.

Source: Department of Juvenile Justice

- What historical data there is in the MFR often contradicts data previously provided by the department. For example, detention and committed placement numbers for fiscal 2001 do not match data provided to DLS on a monthly basis. Similarly, detention and committed placement numbers for fiscal 1999 and 2000 do not match those previously provided to DLS.

It may be argued that the first priority of the department is to make sure youth are receiving appropriate programming rather than data collection, and that is a strong argument. By the same token, DJJ has received significant funding increases both before, and after, the departmental reorganization that took place following the replacement of the previous Secretary in December 1999. It is not unreasonable to want to know that this increased funding is making a difference and to demonstrate that difference. In time, demonstrating improvement in outcomes will need to occur.

In order to achieve this, the department will have to improve data collection and research activities. The department's current research capacity is limited, not least by continued vacancies in this area. Data collection issues have been most pointedly demonstrated in recent months in the department's difficulties in responding to media articles on incidents at Victor Cullen. This is not a new issue for the department, but it remains an ongoing need.

Issues

1. Department of Juvenile Justice Reforms: An Update

As noted earlier in the discussion of DJJ's MFR, the department has undertaken a massive reform effort in the past two years. This effort has not been focused on one or two aspects of the department's operations, but rather represents a widespread overhaul of departmental focus and activity: a strong emphasis on assessment and treatment in order to ensure that each youth entering the juvenile justice system receives appropriate treatment, sanction, and oversight.

In the 2000 session, the legislature asked DJJ to document its reform efforts. The extent of reform meant that DJJ did not produce a final report until this past Interim. **Exhibit 9** summarizes the key reforms from the department's final report. Many of its programming recommendations are currently being implemented. For example, progress has been made in developing: internal review efforts through the Office of Professional Responsibility and Accountability (OPRA) (which documented significant issues at Victor Cullen); training standards; assessment protocols; expanded and enhanced aftercare; and detention standards.

However, while progress is being realized in some areas, areas of concern remain:

- The department has an information technology plan that relies on remediating its current youth tracking system (ASSIST) rather than replacing it as recommended by a consultant's report. Even the letter sent to the committees announcing this decision pointed to concern about the functionality and utilization of the current system. The State's record in developing major information technology systems is mixed at best.
- As discussed above, research and evaluation capacity remains inadequate.
- As indicated in **Exhibit 10**, funding constraints have already begun to slow the pace of reform. For example, salary reforms have not been funded and mental health and substance abuse initiatives have been funded below proposed levels.
- Similarly, proposed fiscal 2003 capital improvements have not been funded.
- DBM has not approved the facilities master plan based on concerns about population projections and how those projections relate to proposed facilities, for example how detention and committed populations projections were made (straight-line projections off current trends at a time when the department has moved aggressively to reduce detention to already low levels).

Exhibit 9

Department of Juvenile Justice: Update on Major Program Reforms

<u>Reform Item</u>	<u>Action</u>	<u>Status/Fiscal Implications</u>
<i>Computer network to adequately track youth and provide data required for effective case management.</i>	Refinements of existing program (ASSIST) underway. Independent consultant review complete	Fiscal estimate above baseline is \$19.8 million for fiscal 2003 through 2007, with all but \$19.4 million of that beginning in fiscal 2004. Fiscal 2003 budget includes nothing above baseline. DLS would note that DJJ intends to remediate ASSIST not replace it as recommended by Consultant's review. Remediation of ASSIST should be considered a Major Information Technology Development Project. Further, MFR submission does not contain baseline data from which to measure effectiveness of remediation efforts.
<i>Reduce minority over-representation in juvenile justice system.</i>	Report prepared. Action steps include: <ul style="list-style-type: none"> ● Detention and Shelter Care Policy; ● Legislation altering definition of emergency detention; ● Create Confinement Review Unit; ● Develop probation prior to adjudication; ● Review Case closure and formalization policies; and ● Conduct further research. 	Of these actions steps: <p>Detention and shelter care policy issued; legislation on emergency detention introduced in 2002 session (lr0141); Confinement Review Unit draft policy developed and under consideration; probation prior to adjudication policy under review by Juvenile Justice Coordinating Council; case closure and formalization policies under review; research needs being reviewed by State Advisory Board for Juvenile Justice.</p>
<i>Data collection and program evaluation.</i>	Establishment of Office of Research and Program Development (ORPD).	Fiscal estimate above baseline is \$140,000. The establishment of ORPD is being hamstrung by vacancies. This effort is still dependant upon development of adequate data collection. No additional research and evaluation funding is provided in the fiscal 2003 allowance.

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<u>Reform Item</u>	<u>Action</u>	<u>Status/Fiscal Implications</u>
<i>Training of DJJ workers through the Maryland Correctional Training Commission (MCTC) (Chapter 483, Acts of 2000).</i>	DJJ formally included under MCTC selection standards. Final curriculum under development for roll-out late 2001/early 2002.	Permanent curriculum still being finalized. MFR reflects use of MCTC requirements.
<i>Ability to attract and retain qualified staff at all levels.</i>	Independent job classification and salary review complete.	Review is complete but salary recommendations have not been implemented (estimated fiscal 2002 cost of \$4 million).
<i>Comprehensive Facilities Master Plan.</i>	Completed.	Ten-year <i>Capital Improvement Plan</i> has a total funding level of \$92.7 million. Fiscal 2003 plan called for \$3.7 million for design of three projects: Waxter, Cheltenham, and Noyes. Fiscal 2003 Capital Bill includes \$1.3 million for demolition work at Cheltenham and additional equipment at Lower Eastern Shore Detention Center. Population projections raise considerable questions about either the department's prior and current capital construction strategy and/or report methodology.
<i>Create office to ensure that DJJ employees and private providers appropriately perform their duties and responsibilities.</i>	OPRA created.	Functioning.

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<u>Reform Item</u>	<u>Action</u>	<u>Status/Fiscal Implications</u>
<i>Implementation of Aftercare plan.</i>	<p>The report identified implementation time-lines in a variety of areas:</p> <ul style="list-style-type: none"> ● risk and needs assessment; ● case management; ● reintegrative programs/services; ● supervision and responses; and ● infrastructure and support. 	<p>Twenty aftercare teams implementing the provisions of the new aftercare plan effective September 2001. Each team (2 aftercare workers) will serve 30 youth. DJJ still anticipates having 102 teams working in fiscal 2002 and a full complement of 139 teams in place by September 2002. DJJ envisages different aftercare ratios depending upon risk-level of youth served.</p>
<i>Three-year Mental Health and Substance Abuse Programming Enhancements.</i>	<p>Plan and Budgeting Strategy Prepared.</p>	<p>DLS would note that DJJ's MFR submission contains data in terms of youth served and staff available which makes these ratios and goals difficult to achieve. Further, the imposition of the hiring freeze will also serve to increase caseloads unless DJJ receives exceptions in this area.</p> <p>Implementation of aftercare initiative in fiscal 2003 requires \$2 million. The allowance appears to contain \$1.5 million for enhanced aftercare.</p> <p>Three-year plan (fiscal 2002 through 2004) at \$31.9 million (\$30.1 million general fund/\$1.7 million federal fund) spread across DJJ, the Department of Health and Mental Hygiene, and other agencies:</p> <p>Fiscal 2002 \$11.1 million – Funded: \$8.4 million Fiscal 2003 \$15.7 million – Funded: \$1.33 million Fiscal 2004 \$5.1 million</p>
<i>Detention standards pursuant to Chapter 432, Acts of 1999.</i>	<p>Published.</p>	<p>Note: DHMH is still investigating the possibility of attaining \$470,000 in federal funds to support part of this initiative in fiscal 2003.</p> <p>Detention standards report has been completed and implementation is detailed in MFR.</p>

<u>Reform Item</u>	<u>Action</u>	<u>Status/Fiscal Implications</u>
<p><i>Implementation of Admissions reform.</i></p>	<p>Development of:</p> <ul style="list-style-type: none"> ● Risk assessment and screening standards; ● Standard instruments and protocols for placing youth and linking them to services; ● Model programs; and ● Performance measures. 	<p>Implementation is divided into three phases over three calendar years beginning January 1, 2001. Additional funding of \$923,000 requested for fiscal 2003 is included in allowance (incorporated into the funding shown for substance abuse/mental health initiative above).</p>

Source: Department of Juvenile Justice, Department of Legislative Services

Exhibit 10

**Funding Requirements of Proposed DJJ Reforms
(\$ in Millions)**

	<u>IT (Above Baseline)</u>	<u>ORPD</u>	<u>Salary Review</u>	<u>Enhanced Aftercare</u>	<u>Substance Abuse/ Mental Health</u>	<u>Total</u>
Fiscal 2002 (unfunded)			4.0		2.7	6.7
Fiscal 2003	0.4	0.14		2.0	15.7	18.24
<i>Fiscal 2003 Allowance</i>	<i>0.0</i>	<i>0.0</i>		<i>1.5</i>	<i>1.33</i>	2.83
Fiscal 2004	4.9				5.1	10.0
Fiscal 2005 through 2007	14.5					14.5

Note: Capital requirements total \$92.7 million over ten years. Fiscal 2003 allowance is \$1.3 million of \$3.7 million proposed. Most funding relates to DJJ but also relates to other State agencies with whom the department is collaborating.

Source: Department of Juvenile Justice; Department of Legislative Services

DJJ should comment on the status of its reforms including specifically identifying barriers that remain.

2. New Programming Is Proposed at, or Instead of, Victor Cullen Center

Victor Cullen is a State-owned privately-run facility in northern Frederick County. Victor Cullen currently houses a drug treatment program and a medium-security impact program. The current contractor is Youth Services International (YSI), the same organization that operates the Hickey School. As of January 28, 2002, there were 71 youth, all males, housed at Victor Cullen.

At the end of 2000, DJJ released an internal audit of Victor Cullen which was extremely critical of the programming provided by YSI, as well as program oversight by the department. As a result of the audit, YSI agreed to pay some \$600,000 in liquidated damages to DJJ, programming changes were imposed, and departmental oversight was increased. The contract to run Victor Cullen expires June 30, 2002.

Victor Cullen has continued to receive adverse publicity since the DJJ internal audit, and the Lieutenant Governor, in November 2001, asked DJJ to prepare a comprehensive action plan for the future of the facility. DJJ responded to the Lieutenant Governor in December 2001 and presented the following options:

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- DJJ could terminate the current contract and operate the facility using many current Victor Cullen staff as contractuales. These employees would be subject to the Maryland Correctional Training Commission (MCTC) standards. Any services that are Medicaid-reimbursable could not be charged to Medicaid.
- DJJ could terminate the current contract and seek another vendor through an emergency procurement for a six- to nine-month period. Vendor options would be limited, and their employees would also be subject to MCTC standards.
- DJJ could continue the current contract until expiration while developing a new RFP for July 2002. DJJ would increase oversight and prepare for an orderly transition process. The RFP would be for a 48-bed treatment program for special needs population. Preference would be given to a vendor providing their own facility. A 16-bed structured shelter care program would be a contract option.

Ultimately, DJJ recommended this last option and has already begun the transition of youth out of Cullen. The population at Cullen January 28, 2002, (71), was half that on December 20, 2001. DJJ has been rapidly placing youth from Cullen primarily into non-residential or other community residential placements.

At the time of writing, DJJ was still developing the RFP for the 48-bed treatment program/programs and optional structured shelter care program envisaged in the recommendations to the Lieutenant Governor. It is DLS's understanding that DJJ is not looking to create a residential treatment center (RTC) environment. Rather it is looking to create residential programs that offer appropriate therapeutic services. A portion of these costs would be Medicaid-reimbursable if the youth and the services were Medicaid-eligible.

Available Budget

The department's fiscal 2003 allowance contains \$8.4 million "allocated " to Victor Cullen. At the time of writing, the RFP was still under discussion and no budget estimates were available. DLS would note that if an RTC environment was recommended (which does not appear to be the case), 48 beds would cost just over \$6.2 million, of which 50% could be federal funds. Costs of other residential programs vary significantly according to the type of service provided, but it would not be unreasonable to expect per person annual costs of \$60,000 to \$80,000 (\$2.9 to \$3.8 million, a portion of which might be eligible for federal reimbursement). This should enable DJJ to also develop shelter care and other community programming. **DLS recommends narrative requiring DJJ to update the committees on programming developed for, or instead of, the current Victor Cullen program, and to detail proposed expenditures of the fiscal 2003 funding available for this programming.**

YSI

The documented problems at Victor Cullen raise concerns about YSI's operations at Hickey. YSI was awarded a five -year contract to operate Hickey in April 1999. That contract runs through March 2004. At the time of writing, the department was finalizing audit findings based on a review of operations at Hickey.

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YSI is a wholly-owned subsidiary of Correctional Services Corporation (CSC) based in Florida. The most recent Securities and Exchange Commission filings on CSC note:

- significant declines in revenues in the first nine months of 2001 compared to the same period in 2000 (almost \$26.5 million, 16.7%). Revenues increases from the operation of two new facilities were offset by the discontinuance of operations at 12 facilities;
- net losses of almost \$6.3 million in the first nine months of 2001 compared to a profit of \$4.7 million in the same period in 2000;
- a restructuring initiative to consolidate and restructure its corporate office, sell assets, close seven facilities, and terminate corporate and facility staff; and
- a restructuring of its credit agreements.

Clearly CSC's financial position has weakened in the past 12 months, adding to concerns about the quality of services being provided at the facilities it, or its subsidiaries, operate.

DJJ should outline its proposals for the programming to replace that currently provided at Victor Cullen.

3. Cheltenham: Demolition Is a Step Closer

The legislature and Secretary Bishop Robinson have both affirmed a commitment to demolish the current facility at Cheltenham. While the ongoing delay in the opening of the BCJJC has delayed moving forward with this commitment, the fiscal 2003 Capital Budget does contain funding for partial demolition of Cheltenham. However, DBM has informed DJJ that provision of the demolition funds does not imply any approval of the proposed part I and II program plan for Cheltenham.

Proposal for Redevelopment of Cheltenham

The recently completed Facilities Master Plan laid out three different construction options for the redevelopment of Cheltenham:

- The construction of a 48-bed detention building to include assessment, intake/release, health center, and other central services (food, laundry, etc.) with 2 bed-wings securely attached to the main building. **48 beds total.**
- The construction of an assessment center building to include assessment, intake/release, health center etc., two 24-bed residential buildings, a central services building, and three new 12-bed cottages for shelter care programs. **84 beds total.**

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- The construction of an assessment center building to include assessment, intake/release, health center etc., a 48-bed self-contained detention center to include space for intake, education, recreation, medical services, food services etc., three new 24-bed buildings for residential care programs, and a central services building. **120 beds total.**

However, the proposed redevelopment as contained in the proposed part I and II program plan envisages a different option:

- The construction of an assessment center building to include assessment, intake/release, health center etc.; a 48-bed self-contained detention center (two 24-bed units) to include space for intake, education, recreation, medical services, food services etc.; the creation of a shelter care village (three 8-bed units); and a central services building. **72 beds total.**

The proposal reflects the department's emphasis on assessment and the provision of required services to this population.

Secure Detention Capacity

In terms of impact upon secure detention capacity, **Exhibit 11** provides a snap-shot of current and shortly to be on-line secure detention facilities and compares capacity to the detained population by area of residence on January 29, 2002. Only male detainees are considered in this analysis.

While this is an unsophisticated analysis, a number of points can be made from this exhibit:

- It would appear that the secure detention capacity that will be on-line by the end of fiscal 2003 is more than adequate. However, it must be remembered that detention facilities also often house the pending placement population. This population has been running at over 100 on any given day for several years and remains a stubborn problem for DJJ.
- Two points-of-view can be proffered as to the future use of Cheltenham: from a statewide standpoint, there is already more than enough detention capacity to justify building no more at Cheltenham; however, from a regional standpoint, an argument can also be made that a regional detention facility is required for Area V, presumably at Cheltenham.
- There is excess detention capacity on the Eastern Shore and the Facilities Master Plan recommends configuring the Carter Center as an intake and assessment center for the region.
- There is excess detention capacity in Area 3, and the Facilities Master Plan recommends a smaller detention unit at Noyes.

The department should brief the committees on plans for the redevelopment of Cheltenham, specifically speaking to the issue of regional versus statewide detention capacity.

Exhibit 11**Projected DJJ Secure Detention Capacity**

<u>Area/Detention Facility</u>	<u>Architectural Capacity Fiscal 2002</u>	<u>Detained Population 1/29/2002</u>	<u>Deficit/ Surplus</u>	<u>Architectural Capacity Fiscal 2003</u>	<u>Detained Population 1/29/2002</u>	<u>Deficit/ Surplus</u>
Area 1 – BCJJC	0	102	-102	144	102	42
Area 2 – Hickey	48	40	8	30	40	(10)
Area 3 – Noyes, Western Maryland Detention Center	35	17	18	59	17	42
Area 4 – Carter, Lower Eastern Shore	15	12	3	39	12	27
Area 5 – Cheltenham	106	35	71	24	35	(11)
Maryland	204	206	-2	296	206	90

Notes: Waxter is in Area 5 but serves female youth from various areas. Female youth are currently served at Carter and Noyes, but for the purpose of this particular analysis they have been excluded from the totals. Fiscal 2003 figure for Cheltenham and Hickey is per DJJ's MFR. Fiscal 2002 capacity at Hickey has been expanded beyond 48 by transfer of committed youth. The detained population on January 29, 2002, was 210 and included 4 out-of-state youth (2 each at Carter and Noyes) excluded from the analysis.

Area 1 = Baltimore City.

Area 2 = Baltimore, Howard, Harford, and Carroll counties.

Area 3 = Montgomery and Frederick counties and Western Maryland.

Area 4 = The Eastern Shore.

Area 5 = Anne Arundel and Prince George's counties and Southern Maryland.

Source: Department of Juvenile Justice; Department of Legislative Services

4. Title IV-E Funding

DJJ has worked to increase federal IV-E claims in recent years, not least because of the prompting of the Office of Legislative Audits. Indeed, one of DJJ's MFR goals is to increase non-general fund revenues. While the MFR data indicates that DJJ is not yet meeting this goal, the most recent data from DJJ indicates that it has been able to significantly increase IV-E claims (see **Exhibit 12**).

Exhibit 12

**Department of Juvenile Justice
IV-E Claims
Fiscal 1998 through 2002**

<u>Fiscal Year</u>	<u>IV-E Claims</u>	<u>Increase over Prior Year (%)</u>
1998	\$6,948,457	
1999	6,969,617	0.31%
2000	7,861,373	12.8%
2001	9,356,932	19.02%
2002 (First two quarters)	5,278,068	

Source: Department of Juvenile Justice

Based on the first two quarters of fiscal 2002, it would appear that DJJ will claim almost \$10.6 million in IV-E funds in fiscal 2002. The fiscal 2003 allowance assumes that DJJ will only claim just over \$10.2 million in IV-E funds. Given recent trends in IV-E attainment, it is not unreasonable to assume that DJJ will claim over \$11 million in IV-E funds in fiscal 2003. **Thus, DLS recommends that the fiscal 2003 allowance is reduced by \$800,000 in general funds to reflect likely IV-E attainment.**

5. State Should Accelerate Pursuit of Revenue Maximization Options

Maximus, Inc. has been retained by the State to identify revenue maximization options. The consultant has identified two approaches which may allow Maryland to claim Medicaid dollars for child welfare and juvenile justice services currently funded with general funds.

Targeted Case Management

One proposal is to amend Maryland's Medicaid State plan to expand the administrative costs incurred through the child welfare and juvenile systems which can be charged to Medicaid. Charging Medicaid for caseworker activities which can be defined as targeted case management (TCM) would increase DHR's federal fund attainment by an estimated \$3 million per year and the Department of Juvenile Justice's (DJJ) attainment by an indeterminate amount.

DHMH submitted a State plan amendment to the federal government in January 2002. If approved, the amendment would enable the State to charge Medicaid for TCM services provided through DHR's child welfare system. Maximus, DJJ, and DHMH are working on a similar amendment for juvenile justice services. DHMH cautions that the federal government is cracking down on State efforts to creatively claim Medicaid

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dollars and may reject Maryland's proposals. A decision on the amendment submitted in January is expected by mid-summer.

A second impediment to implementation is the need to modify MMIS-II, the Medicaid computer system, to handle TCM claims. Since the programming changes required to comply with the federal Health Insurance Portability and Accountability Act (HIPAA) are DHMH's highest priority, modifications related to TCM are not expected until at least fiscal 2003. Potential work-arounds include manual claims submission and retroactive billing.

Despite the implementation hurdles discussed above, the fiscal 2003 allowance assumes DHR's federal fund attainment will increase by \$3 million although no similar assumption is made for DJJ. DJJ should be prepared to discuss the status of the State plan amendment and a timetable for claiming TCM dollars for juvenile justice services.

Extend Rehabilitation Option to Foster Care

The second approach suggested by Maximus is to claim federal Medicaid matching funds for therapeutic services provided in treatment foster care home and group home settings using Medicaid's Rehabilitative Services option. Maximus and the State have just begun evaluating the feasibility of this approach. When this possibility was first discussed in 1999, Maximus estimated the rehabilitation option would allow DHR and DJJ to claim a combined \$7.7 million in additional federal funding.

Before claiming Medicaid dollars for therapeutic foster care services, the State must ascertain whether the federal government is favorably predisposed to approve such a request and whether the documentation necessary to avoid a federal audit disallowance is available. The State should only pursue the rehabilitation option if it can document that an eligible child received each service which it is billing Medicaid for and that these services were not also billed to another federal program. Maximus plans to review the records kept by group home providers and to the State to determine whether the necessary information is currently collected. If insufficient documentation is available, the State must weigh the cost of requiring additional data collection by providers against the potential federal revenues which could be claimed.

DLS has also recommended that the agencies provide the committees with a timetable for determining if a State plan amendment should be submitted and the adoption of narrative requiring a status report on revenue maximization efforts.

Recommended Actions

	<u>Amount Reduction</u>		<u>Position Reduction</u>
1. Reduce funding and delete positions for Hagerstown Holdover Facility. This facility was intended to be closed with the opening of the Western Maryland Detention Center. That facility is scheduled to be operational in September 2002. The reduction provides the department with three months of transitional funding.	\$ 347,000	GF	11.0
2. Delete 15 new positions. The allowance adds 15 new positions across the department. There are sufficient existing vacancies within the department without the need to add new positions. The reduction is taken in one program, but the department may allocate the funding and position cut across programs as necessary.	471,866	GF	15.0
3. Delete seven full-time equivalent positions which had been vacant for over 12 months prior to the hiring freeze. These positions are administrative, not direct care, positions. Since these positions will be used by the department to meet turnover and cost containment requirements in fiscal 2003, funds are not deleted.			7.0
4. Reduce general funds based upon expected federal IV-E attainment. The fiscal 2003 allowance assumes the department will claim just over \$10.2 million in IV-E funds, but fiscal 2002 IV-E claims appear likely to reach almost \$10.6 million. Given the recent history of growth in federal IV-E attainment, it is not unrealistic to expect the department to attain over \$11 million in fiscal 2003.	800,000	GF	
5. Reduce funds for summer programs based on utilization. In fiscal 2002 the department spent almost \$350,000 for summer programming in 24 programs estimated to serve 918 Department of Juvenile Justice (DJJ) youth. The actual number of DJJ youth served was 105. The reduction retains funding based on actual utilization.	250,000	GF	

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6. Reduce general funds in the allowance based on the availability of fiscal 2002 funds which can be used for anticipated fiscal 2003 expenses. Fiscal 2002 funds are available as follows: 2,415,000 GF

- Western Maryland Detention Center: \$80,000;
- Baltimore City Juvenile Justice Center: \$1.4 million; and
- Evening reporting centers: \$935,000.

The Department of Juvenile Justice may encumber these fiscal 2002 funds for anticipated fiscal 2003 expenses.

7. Adopt the following narrative:

Victor Cullen: The Department of Juvenile Justice (DJJ) has indicated that it intends to replace the current programming at Victor Cullen. The Requests For Proposals is currently under development. There is \$8.4 million in the fiscal 2003 allowance to develop this programming. The committees request DJJ to report back to them on the programming ultimately developed to replace that currently provided at Victor Cullen. That report should include expenditure detail and, if programming is not provided at Victor Cullen, what the department intends to do with that facility.

Information Request	Author	Due Date	
Report on replacement of the current programming at Victor Cullen	DJJ	November 1, 2002	
Total General Fund Reductions		\$ 4,283,866	33.0

Updates

1. Department of Juvenile Justice Audit Report, May 2001

In May 2001, the Office of Legislative Audits (OLA) released an audit report for DJJ for the period September 1996 to February 2000. DJJ's response noted that these findings related to a period prior to the installation of the new management team under Secretary Robinson. DJJ's response further noted that OLA's findings "provided additional information warranting many of the effective actions already implemented or currently in progress" as part of the Secretary's restructuring of the department.

The major findings of the report included:

- **Federal IV-E funding was lost because costs were not identified as eligible for federal reimbursement within the reimbursement period allowed by federal regulations. Additionally, eligibility determinations for other residential placements were never performed, again resulting in the potential loss of federal reimbursement.**

DJJ concurred with the findings and recommendations and agreed to work to retroactively claim IV-E funding for incurred eligible costs.

- **Federal grants were inadequately monitored to ensure all available funding was utilized before grants expired.**

DJJ indicated that they would be implementing procedures to ensure that federal fund grant awards are utilized within the grant period.

- **DJJ had inadequate guidelines for on-site monitoring of vendors operating detention facilities. Additionally, vendor invoices for residential and non-residential services were not adequately verified.**

DJJ concurred that guidelines for on-site monitoring and vendor invoice verification were inadequate and agree to make improvements in both areas.

- **DJJ recorded unsubstantiated budget closeout transactions.**

DJJ agreed to OLA's findings and indicated that they were taking actions to correct deficiencies.

- **DJJ had additional procedural and record-keeping deficiencies with respect to accounts receivable and property.**

DJJ broadly agreed with this finding and indicated efforts to correct these deficiencies.

Current and Prior Year Budgets

Current and Prior Year Budgets Department of Juvenile Justice (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2001					
Legislative Appropriation	\$143,292	\$131	\$13,062	\$3,042	\$159,527
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	471	179	3,606	1,888	6,144
Reversions and Cancellations	(398)	(49)	(2,343)	(1,121)	(3,911)
Actual Expenditures	\$143,365	\$261	\$14,325	\$3,809	\$161,760
Fiscal 2002					
Legislative Appropriation	\$163,350	\$142	\$14,698	\$2,842	\$181,032
Budget Amendments	(1,186)	(1)	2,100	635	1,548
Working Appropriation	\$162,164	\$141	\$16,798	\$3,477	\$182,580

Note: Numbers may not sum to total due to rounding.

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Fiscal 2001

The fiscal 2001 legislative appropriation for DJJ was increased by just over \$2.2 million. Budget amendments increased the appropriation by over \$6.1 million comprising:

- general fund budget amendments of \$471,000 for Annual Salary Review adjustments originally budgeted in DBM;
- special fund budget amendments of \$179,000 based on audit reconciliations of vendor payments and increased donations and commissions from soda machines and telephones;
- federal fund budget amendments of just over \$3.6 million including:
 - \$670,000 from a U.S. Department of Justice grant to be used in Baltimore City to create a comprehensive service delivery system (partnering among all of the various social service and other agencies that serve at-risk children) to limit the number of youth entering the juvenile justice system;
 - \$240,000 from a combination of Title I and Title IV grants received via the Maryland State Department of Education from the U.S. Department of Education;
 - \$300,000 from a U.S. Department of Justice grant for the development of local comprehensive strategy plans;
 - \$788,000 from the Governor's Office for Crime Control and Prevention (GOCCP) for intensive aftercare in Baltimore City and Prince George's County for youth discharged from various Youth Centers and the Hickey School;
 - \$127,000 from a grant from GOCCP to provide funding for the substance abuse treatment program at Meadow Mountain; and
 - \$1.5 million from higher than anticipated Title IV-E reimbursements for youth served in residential placements, an increase coming not from serving more youth overall, but rather from increasing the number of youth served who were eligible under the Title IV-E program. DJJ used the general funds that were replaced by these additional federal funds for information technology equipment (\$567,000), additional vehicles (\$218,000), and per diem placements (\$532,000). The remainder was reverted.
- reimbursable fund budget amendments of almost \$1.9 million predominantly from two sources: \$872,000 from the Subcabinet Fund for the operation of Mount Clare house; and \$900,000 from the GOCCP (\$200,000 in earned interest; \$300,000 in recycled funds from a variety of awards made from a 1998 Juvenile Accountability Incentive Block (JAIB) grant which were not fully utilized, and \$400,000 in funds from a JAIB grant which had not been obligated) utilized for a variety of information technology projects.

The increased appropriation derived from budget amendments was partially offset by reversions and cancellations totaling just over \$3.9 million. This included general fund reversions of \$398,000, and special,

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federal, and reimbursable fund cancellations of over \$3.5 million. Federal fund cancellations totaled just over \$2.3 million and were spread across 11 different grants. The largest cancellations were a JAIB Intensive Aftercare grant (\$561,000), the Title V Delinquency Prevention Program (\$560,000), Title I for Neglected and Delinquent Children (\$339,000), School Breakfast program (\$178,000), and AmeriCorps (175,000). Reimbursable fund cancellations amounted to a little over \$1.1 million, primarily from the Montgomery County Community Partnership (\$863,000).

Fiscal 2002

To date, the fiscal 2002 legislative appropriation for DJJ has increased by just over \$1.5 million. This increase consists of a budget amendments increasing the appropriation by almost \$3 million including:

- a general fund increase of \$223,000 which represents the transfer from DBM of DJJ's Annual Salary Review award;
- a federal fund increase of \$2.1 million from increased Title IV-E attainment; and
- a reimbursable fund increase of \$636,000. These are all funds from the GOCCP to fund drug programming at Meadow Mountain Youth Center (\$127,000), community detention/electronic monitoring (\$375,000), and an electronic mapping geographic information system (GIS) (\$134,000).

Offsetting this was a \$1.409 million general fund reduction due to the hiring freeze and other operating budget cost containment (see text for full explanation).

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Appendix 2

Object/Fund Difference Report Department of Juvenile Justice		FY02		FY03	FY02 - FY03	Percent
Object/Fund	FY01 Actual	Working Appropriation	Allowance	Amount Change	Change	
Positions						
01 Regular	1612.50	2122.70	2128.20	5.50	0.3%	
02 Contractual	317.25	135.25	139.90	4.65	3.4%	
Total Positions	1929.75	2257.95	2268.10	10.15	0.4%	
Objects						
01 Salaries and Wages	\$ 64,969,026	\$ 84,257,061	\$ 96,328,652	\$ 12,071,591	14.3%	
02 Technical & Spec Fees	7,183,046	6,992,834	4,354,900	(2,637,934)	(37.7%)	
03 Communication	2,171,185	2,183,505	2,059,313	(124,192)	(5.7%)	
04 Travel	609,883	660,816	694,792	33,976	5.1%	
06 Fuel & Utilities	1,229,097	1,312,788	3,183,914	1,871,126	142.5%	
07 Motor Vehicles	1,527,887	810,394	487,648	(322,746)	(39.8%)	
08 Contractual Services	74,197,899	76,708,150	79,644,957	2,936,807	3.8%	
09 Supplies & Materials	3,836,291	3,852,452	4,612,444	759,992	19.7%	
10 Equip - Replacement	78,690	10,500	738,671	728,171	6935.0%	
11 Equip - Additional	2,929,570	594,566	905,727	311,161	52.3%	
12 Grants, Subsidies, Contr	22,857	2,084,669	2,067,500	(17,169)	(0.8%)	
13 Fixed Charges	2,933,231	3,113,264	3,390,885	277,621	8.9%	
14 Land & Structures	72,475	0	0	0	0.0%	
Total Objects	\$ 161,761,137	\$ 182,580,999	\$ 198,469,403	\$ 15,888,404	8.7%	
Funds						
01 General Fund	\$ 143,365,312	\$ 162,164,435	\$ 178,663,449	\$ 16,499,014	10.2%	
03 Special Fund	261,216	141,497	257,000	115,503	81.6%	
05 Federal Fund	14,325,303	16,797,852	15,242,971	(1,554,881)	(9.3%)	
09 Reimbursable Fund	3,809,306	3,477,215	4,305,983	828,768	23.8%	
Total Funds	\$ 161,761,137	\$ 182,580,999	\$ 198,469,403	\$ 15,888,404	8.7%	

Note: Full-time and contractual positions and salaries are reflected for operating budget programs only.

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Appendix 3

Fiscal Summary
Department of Juvenile Justice

Unit/Program	FY01	FY02	FY02	FY01 - FY02	FY03	FY02 - FY03
	Actual	Legislative Appropriation	Working Appropriation	% Change	Allowance	% Change
01 Services And Operations	\$ 0	\$ 3,747,761	\$ 0	0%	\$ 0	0%
02 Thomas J.S. Waxter Children'S Center	0	12,101,620	0	0%	0	0%
03 Cheltenham Youth Facility	0	2,010,888	0	0%	0	0%
01 Unknown Title	0	68,233,723	0	0%	0	0%
02 Admissions	0	10,337,961	0	0%	0	0%
03 Community Justice Supervision	0	83,536,396	0	0%	0	0%
01 Office of the Secretary	3,852,099	0	4,614,986	19.8%	4,048,419	(12.3%)
02 Departmental Support	14,563,727	0	12,126,173	(16.7%)	13,517,747	11.5%
03 Ofce of Prof Responsibility & Accountability	1,730,450	0	2,010,888	16.2%	2,552,874	27.0%
01 Residential Services	53,724,877	63,851	64,231,916	19.6%	75,301,354	17.2%
02 Admissions	8,698,480	0	11,064,655	27.2%	12,443,403	12.5%
03 Community Justice Supervision	79,191,504	1,000,000	88,532,381	11.8%	90,605,606	2.3%
Total Expenditures	\$ 161,761,137	\$ 181,032,200	\$ 182,580,999	12.9%	\$ 198,469,403	8.7%
General Fund	\$ 143,365,312	\$ 163,350,321	\$ 162,164,435	13.1%	\$ 178,663,449	10.2%
Special Fund	261,216	142,497	141,497	(45.8%)	257,000	81.6%
Federal Fund	14,325,303	14,697,852	16,797,852	17.3%	15,242,971	(9.3%)
Total Appropriations	\$ 157,951,831	\$ 178,190,670	\$ 179,103,784	13.4%	\$ 194,163,420	8.4%
Reimbursable Fund	\$ 3,809,306	\$ 2,841,530	\$ 3,477,215	(8.7%)	\$ 4,305,983	23.8%
Total Funds	\$ 161,761,137	\$ 181,032,200	\$ 182,580,999	12.9%	\$ 198,469,403	8.7%