

Q00K00
Criminal Injuries Compensation Board
 Department of Public Safety and Correctional Services

Operating Budget Data

(\$ in Thousands)

	<u>FY 12</u> <u>Actual</u>	<u>FY 13</u> <u>Working</u>	<u>FY 14</u> <u>Allowance</u>	<u>FY 13-14</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
Special Fund	\$3,009	\$3,466	\$3,612	\$147	4.2%
Contingent & Back of Bill Reductions	0	0	-1	-1	
Adjusted Special Fund	\$3,009	\$3,466	\$3,611	\$145	4.2%
Federal Fund	1,991	2,175	700	-1,475	-67.8%
Adjusted Federal Fund	\$1,991	\$2,175	\$700	-\$1,475	-67.8%
Reimbursable Fund	67	124	35	-89	-71.7%
Adjusted Reimbursable Fund	\$67	\$124	\$35	-\$89	-71.7%
Adjusted Grand Total	\$5,068	\$5,764	\$4,346	-\$1,418	-24.6%

- The Criminal Injuries Compensation Board (CICB) budget decreases by 24.6%, or \$1.4 million, in the 2014 allowance compared to the 2013 working appropriation. The majority of the decrease occurs from a federal funds reduction for awards made to victims of crime.

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

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Personnel Data

	<u>FY 12</u> <u>Actual</u>	<u>FY 13</u> <u>Working</u>	<u>FY 14</u> <u>Allowance</u>	<u>FY 13-14</u> <u>Change</u>
Regular Positions	12.00	12.00	12.00	0.00
Contractual FTEs	<u>4.47</u>	<u>4.35</u>	<u>4.35</u>	<u>0.00</u>
Total Personnel	16.47	16.35	16.35	0.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	0.60	5.00%
Positions and Percentage Vacant as of 12/31/12	0.00	0.00%

- The number of positions for CICB, both regular and contractual full-time equivalents, remain constant in the fiscal 2014 allowance.

Analysis in Brief

Major Trends

Processing Claims: CICB received 1,510 claims in fiscal 2012, a decrease of 120 from fiscal 2011. Of those claims received, 1,398 were deemed eligible. CICB aims to have 70.0% of eligible claims resolved within 180 days of determining eligibility. In fiscal 2012, 53.0% of eligible claims were resolved within 180 days. The average number of days to process eligible claims spiked in fiscal 2012 to 177, a 40.5% increase from the 126 average number of days in fiscal 2011. CICB has stated that it will be restructuring the way it calculates the claims processing period. **CICB should comment on why the average number of days to process a claim jumped 51 days. CICB should also discuss the restructure of the claims processing period, including how the process will be impacted and what the timeline will be for implementation.**

Recommended Actions

1. Concur with Governor's allowance.

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Criminal Injuries Compensation Board
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Operating Budget Analysis

Program Description

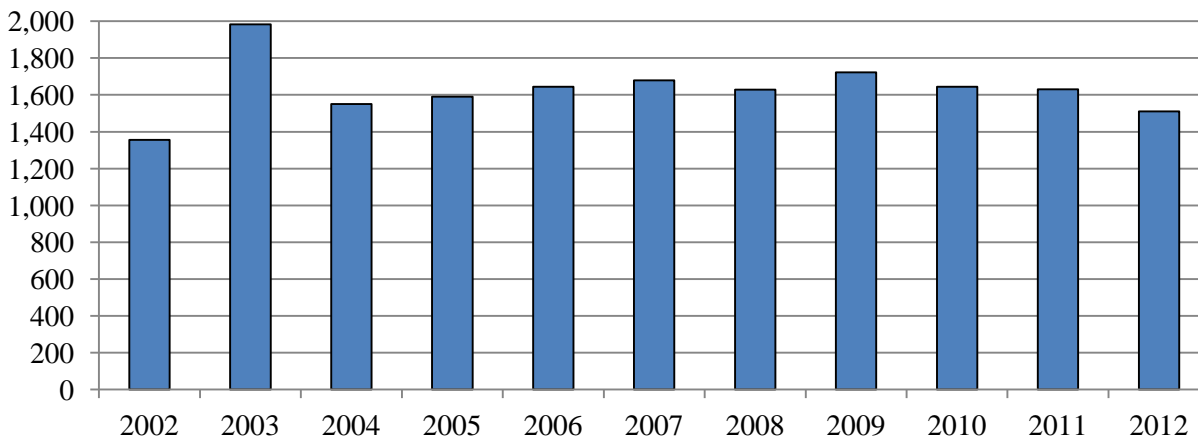
The Criminal Injuries Compensation Board (CICB) awards grants to innocent victims of crime who incur financial hardship as a result of crime. Awards may be made for lost wages, medical expenses, counseling, crime scene clean-up, and funeral expenses for victims of homicide. Grants may not exceed \$45,000, including any subsequent and supplemental awards, with the exception of victims suffering permanent total disability. After a disability-related claim of \$25,000 has been awarded to the victim, if the injury to the victim resulted in permanent total disability, the victim may request an additional award of up to \$25,000. Funding for these grants is generated by the State's Criminal Injuries Compensation Fund (CICF) from fees assessed by circuit and District courts. The CICF is also supplemented by federal funds.

Performance Analysis: Managing for Results

1. Processing Claims

The mission of CICB is to alleviate the financial hardship suffered by innocent victims of crime and their families. As such, timely resolution of claims is a must. **Exhibit 1** reflects the number of claims received each year since fiscal 2002. Claims received by CICB in fiscal 2012 reached 1,510. Of those claims received, 1,398 were deemed eligible.

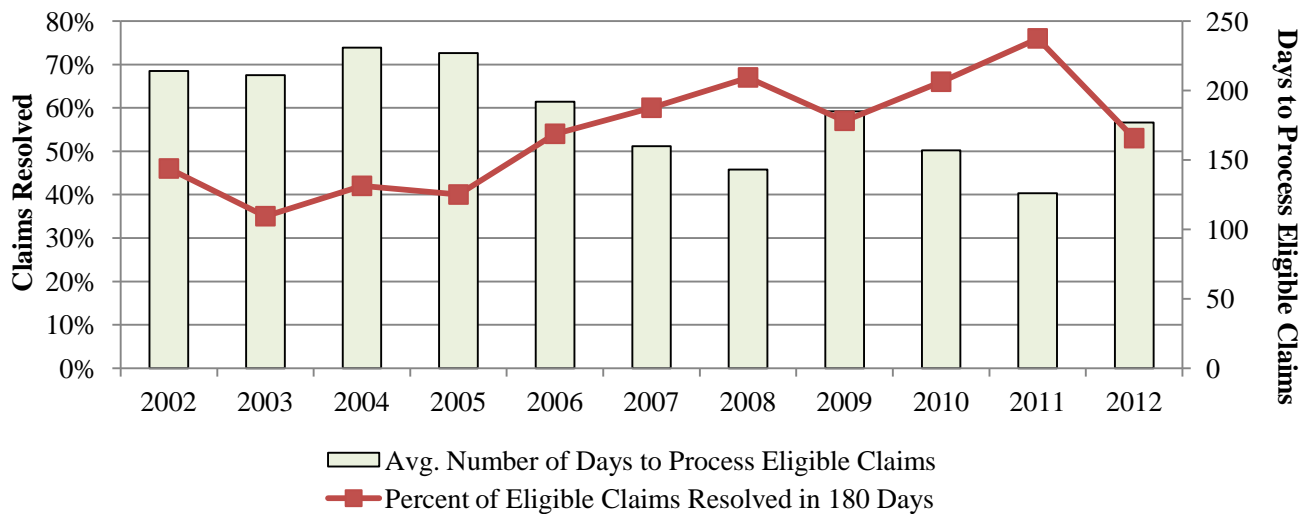
Exhibit 1
Claims Received
Fiscal 2002-2012



Source: Department of Public Safety and Correctional Services; Governor's Budget Books, Fiscal 2014

Exhibit 2 demonstrates the agency’s objective to resolve claims within a given timeframe. CICB aims to have 70% of eligible claims resolved within 180 days of determining eligibility. The agency did not meet the target in fiscal 2012, with only 53% of claims resolved within 180 days. Fiscal 2011 was the only year in the last decade to reach the 70% goal. The average number of days to process an eligible claim increased from 126 in fiscal 2011 to 177 in fiscal 2012. CICB has stated that it will be restructuring the way it calculates the claims processing period. **CICB should comment on why the average number of days to process a claim jumped 51 days. CICB should also discuss the restructure of the claims processing period, including how the process will be impacted and what the timeline will be for implementation.**

**Exhibit 2
Eligible Claims Processing
Fiscal 2002-2012**



Source: Department of Public Safety and Correctional Services; Governor’s Budget Books, Fiscal 2014

Proposed Budget

The 2014 allowance for CICB decreases by 24.6%, or \$1.4 million, compared to the 2013 working appropriation, as shown in **Exhibit 3**. The awards made to victims of crime decrease by almost \$1.4 million. The increases in personnel are offset by a decrease in grant awards by the Governor’s Office of Crime, Control, and Prevention (GOCCP). Turnover adjustments increase by \$45,000, and retirement expenses add another \$14,000. Contribution rates for the regular employees’, teachers’, State Police, and Law Enforcement Officers’ pension plans increase in fiscal 2014. The rate increases are attributable to underattaining investment returns, adjusting actuarial assumptions, and increasing the reinvestment of savings achieved in the 2011 pension reform.

**Exhibit 3
Proposed Budget
DPSCS – Criminal Injuries Compensation Board
(\$ in Thousands)**

How Much It Grows:	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
2013 Working Appropriation	\$3,466	\$2,175	\$124	\$5,764
2014 Allowance	<u>3,612</u>	<u>700</u>	<u>35</u>	<u>4,347</u>
Amount Change	\$147	-\$1,475	-\$89	-\$1,417
Percent Change	4.2%	-67.8%	-71.7%	-24.6%
 Contingent Reductions	 -\$1	 \$0	 \$0	 -\$1
Adjusted Change	\$145	-\$1,475	-\$89	-\$1,418
Adjusted Percent Change	4.2%	-67.8%	-71.7%	-24.6%

Where It Goes:

Personnel Expenses

Turnover adjustments.....	\$45
Employees' Retirement System	14
Annualization of fiscal 2013 general salary increase	6
Regular earnings.....	-5
Employee and retiree health insurance, net of across-the-board reductions	-1
Other fringe benefit adjustments	-1

Other Changes

Payments to victims of crime	-1,395
Grant funds from GOCCP	-83
Other.....	2

Total **-\$1,418**

GOCCP: Governor's Office of Crime Control and Prevention

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

Q00K00 – DPSCS – Criminal Injuries Compensation Board

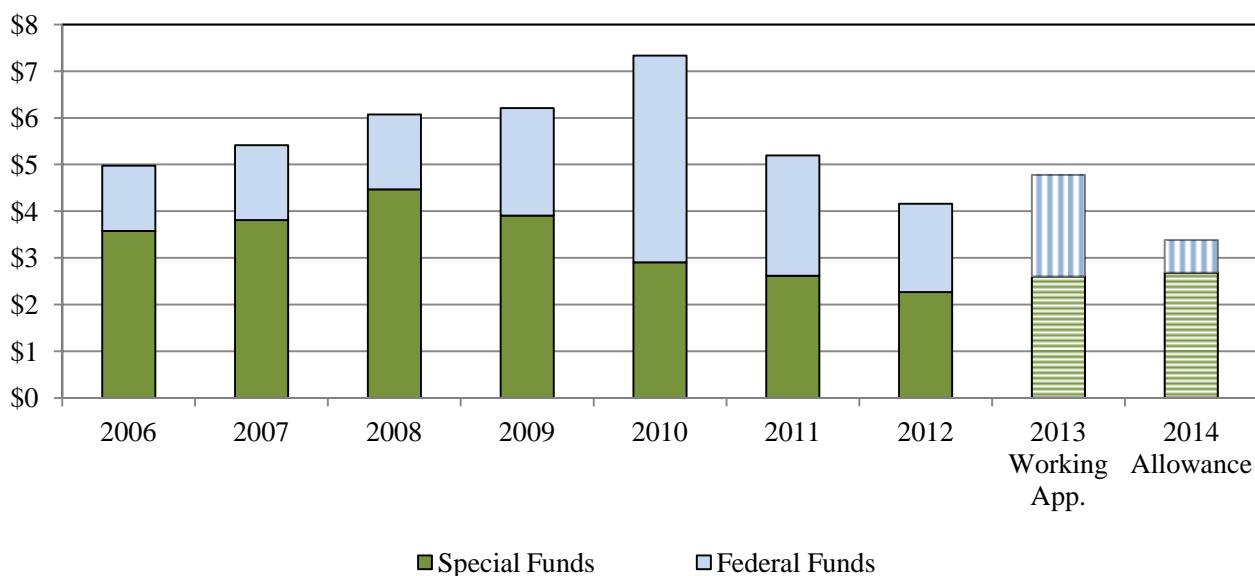
Special funds increase in the 2014 allowance by 4.2%, or \$145,000, mainly due to anticipated fee collection from circuit and District courts. Federal funds are decreasing approximately \$1.5 million, or 67.8%, in the 2014 allowance compared to the 2013 working appropriation. Reimbursable funds decrease due to the availability of GOCCP grant funds by \$89,000 in the fiscal 2014 allowance.

Awards to Victims of Crime

The awards made to victims of crime represent a special fund increase of \$80,000 and a federal fund reduction of approximately \$1.5 million. The federal fund appropriation for awards is based on the federal formula which awards funds based upon 60% of actual State payments to victims of crime for the federal fiscal year two years prior.

As a result of a number of operational improvements between fiscal 2002 and 2004, such as a new automated tracking system, increased staffing, and a more aggressive outreach effort, CICB increased the number of awards made to victims of crime and the amount of State funding used to support this purpose. CICB used the available fund balance to help support this growth. As seen in **Exhibit 4**, funding for awards peaked in fiscal 2010 and has since declined significantly because the agency exhausted its available fund balance.

Exhibit 4
Awards Made to Victims of Crime
Fiscal 2006-2014 Allowance
(\$ in Millions)



Source: Department of Legislative Services

Q00K00 – DPSCS – Criminal Injuries Compensation Board

CICB is currently using special funds to reimburse individual and small business claimants at 100% on a timely basis. Medical claims are negotiated using federal match dollars. Claims having both medical claims and individual or small business claims are split, with the individual and small business claims being paid immediately and medical claims placed in backlog status.

Medical claims are divided into two categories: large medical provider claims and all other medical claims. If deemed a large medical provider claim, any bills \$1,000 and under are paid at 100% and all other bills over \$1,000 are negotiated at a rate of 25%, only after determining that no other private or public source will reimburse the provider for this claim.

All other medical claims (not considered a large medical provider) are paid at 100% if the eligible bill is not reimbursed by other public or private sources and is under \$5,000. Any eligible bill that is not reimbursed by other public or private sources and is over \$5,000 is paid at 100% up to \$5,000 and negotiated at 25% of the amount over \$5,000 up to the applicable cap. Negotiation is a new method attempting to keep the CICF solvent.

Before negotiating a medical claim, CICB claims examiners determine if medical bills are covered by another public or private source, including Medical Assistance, the Trauma Fund, private insurance, Tricare (military benefits), Hospital Charity Care, workers' compensation, or some other funding source that is specific to that claim. If the claim is eligible to be reimbursed by another source, CICB denies the claim. If the claim is not eligible to be paid by any other source, CICB will contact the provider with an offer for negotiation based on the priority negotiation schedule in place.

CICB anticipates \$700,000 in federal Victims of Crime Act funds in fiscal 2014. Based on actual revenues received, CICB will track payouts and prioritize medical claims. Special funds are made up of circuit and District court fees. Legislation has failed in the past two sessions to increase court fees dedicated to the CICF; if State spending for awards to victims of crime were to increase, so eventually would the federal appropriation.

Nevertheless, the trend at least over the next several years is one of diminishing federal funds. Even with the continuation of CICB's efforts to increase revenues and to reduce costs, it will become increasingly difficult for CICB to compensate victims and providers in Maryland in a timely manner. **CICB should comment on plans to keep the CICF financially solvent.**

Recommended Actions

1. Concur with Governor's allowance.

**Object/Fund Difference Report
DPSCS – Criminal Injuries Compensation Board**

<u>Object/Fund</u>	<u>FY 12 Actual</u>	<u>FY 13 Working Appropriation</u>	<u>FY 14 Allowance</u>	<u>FY 13 - FY 14 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	12.00	12.00	12.00	0.00	0%
02 Contractual	4.47	4.35	4.35	0.00	0%
Total Positions	16.47	16.35	16.35	0.00	0%
Objects					
01 Salaries and Wages	\$ 661,506	\$ 683,431	\$ 742,518	\$ 59,087	8.6%
02 Technical and Spec. Fees	156,680	129,559	131,213	1,654	1.3%
03 Communication	13,105	13,150	13,350	200	1.5%
04 Travel	2,248	6,500	2,000	-4,500	-69.2%
06 Fuel and Utilities	3,225	0	6,850	6,850	N/A
08 Contractual Services	22,912	114,271	29,450	-84,821	-74.2%
09 Supplies and Materials	7,662	5,000	6,000	1,000	20.0%
11 Equipment – Additional	95	0	0	0	0.0%
12 Grants, Subsidies, and Contributions	4,161,220	4,775,000	3,380,000	-1,395,000	-29.2%
13 Fixed Charges	38,921	37,285	35,983	-1,302	-3.5%
Total Objects	\$ 5,067,574	\$ 5,764,196	\$ 4,347,364	-\$ 1,416,832	-24.6%
Funds					
03 Special Fund	\$ 3,009,385	\$ 3,465,525	\$ 3,612,364	\$ 146,839	4.2%
05 Federal Fund	1,991,201	2,175,000	700,000	-1,475,000	-67.8%
09 Reimbursable Fund	66,988	123,671	35,000	-88,671	-71.7%
Total Funds	\$ 5,067,574	\$ 5,764,196	\$ 4,347,364	-\$ 1,416,832	-24.6%

Note: The fiscal 2013 appropriation does not include deficiencies. The fiscal 2014 allowance does not include contingent reductions.