
Department of Public Safety and Correctional Services Fiscal 2015 Budget Overview

**Department of Legislative Services
Office of Policy Analysis
Annapolis, Maryland**

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Analysis of the FY 2015 Maryland Executive Budget, 2014

Q00
Department of Public Safety and Correctional Services
Fiscal 2015 Budget Overview

Agency Description

The Department of Public Safety and Correctional Services (DPSCS) helps to keep Maryland communities safe and provides services to victims of crime. The department strives to ensure the safety, security, and well-being of defendants and offenders under its supervision and to provide criminal justice agencies with access to timely, accurate information about defendants and offenders.

Public Safety Caseload Trends

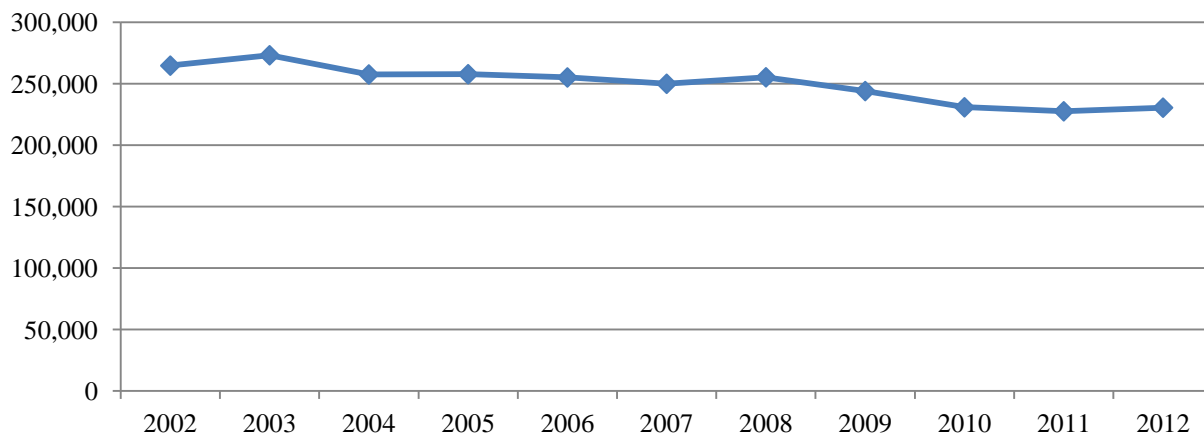
In the past decade, crime trends shifted downward, helping to stabilize Maryland's incarcerated offender population. Despite a slight increase in crime rates in calendar 2012, DPSCS has been able to maintain its reduced caseload through various policy changes and a focus on reentry services.

Statewide Arrests

Exhibit 1 provides statewide adult arrest data from calendar 2002 to 2012. Adult arrests account for 88.0% of arrests in Maryland. In calendar 2012, nearly 231,000 adults were arrested, a 1.3% increase compared to calendar 2011. This limited growth reflects a reversal in the downward trend for total adult arrests that began most recently in calendar 2008. Between calendar 2008 and 2011, statewide adult arrests declined by nearly 28,000, or 10.8%.

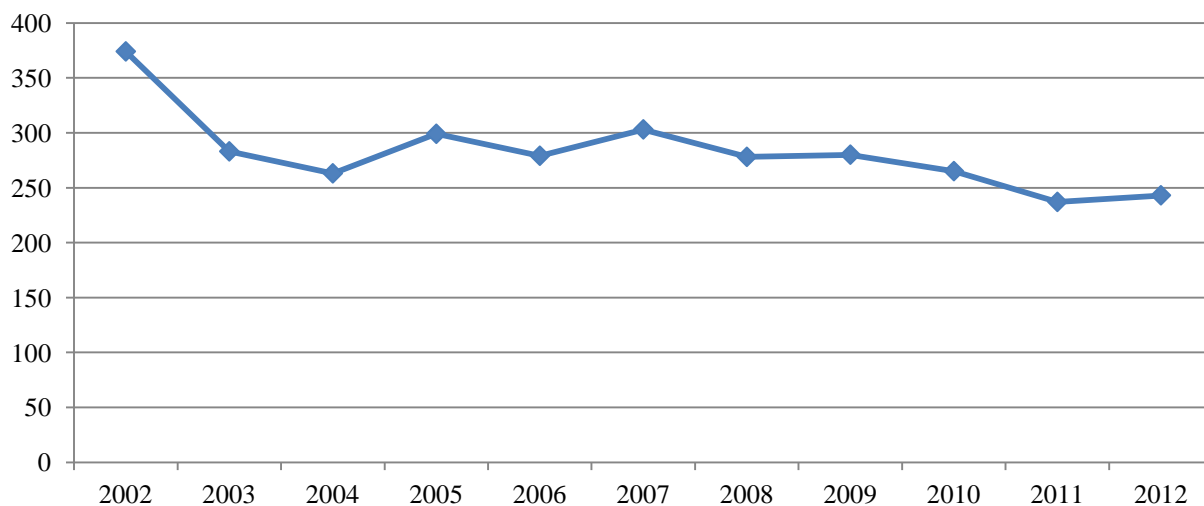
Exhibits 2 and **3** show statewide arrest data for murder/nonnegligent manslaughter, and drug abuse law violations, respectively. Arrests for murder have largely been on a downward trend for the past decade since peaking at 374 in calendar 2002. Calendar 2012 saw the first uptick in the past five years, with 243 arrests for murder, a 2.5% increase from calendar 2011. Drug abuse law violations continued to increase in calendar 2012, with more than 45,000 arrests reported. This reflects a 4.6% increase over calendar 2011 and an 8.5% increase compared to the most recent low of 41,627 arrests in calendar 2010. Arrests for drug abuse violations account for approximately 19.6% of all adult arrests in calendar 2012.

Exhibit 1
Statewide Adult Arrests
Calendar 2002-2012



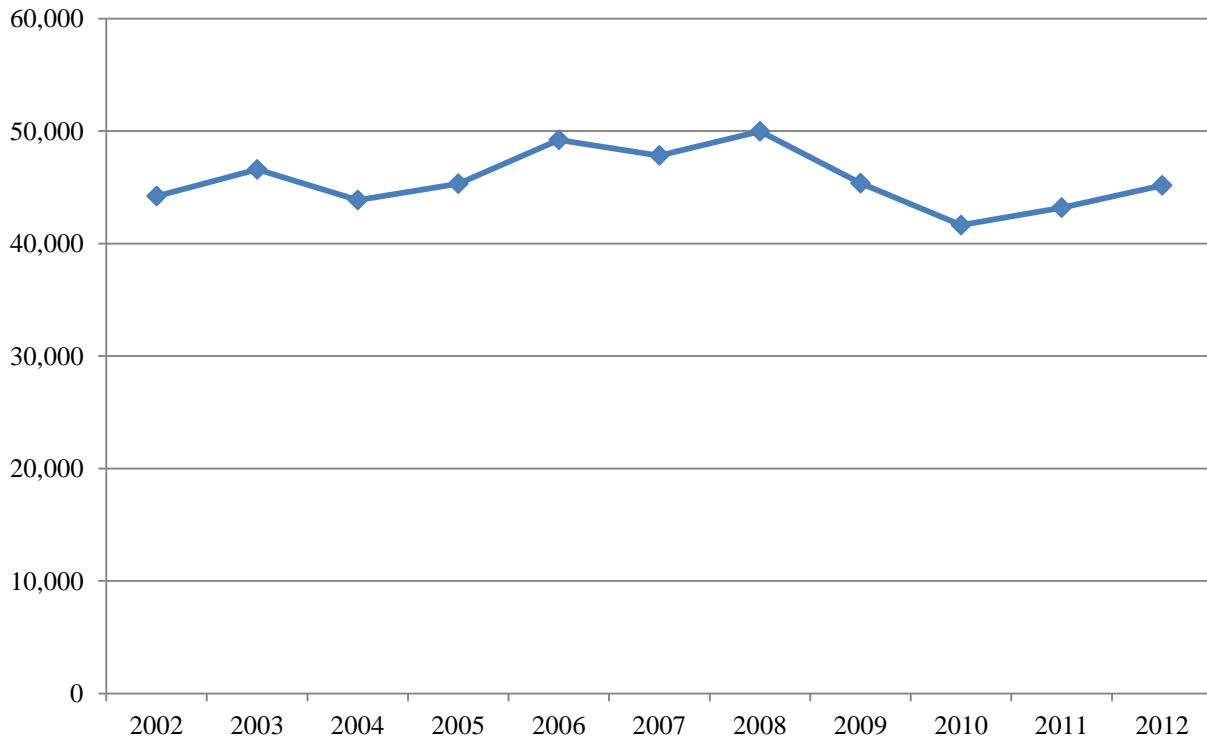
Source: Department of Legislative Services; *Uniform Crime Report*

Exhibit 2
Statewide Murder/Nonnegligent Manslaughter Arrests
Calendar 2002-2012



Source: Department of Legislative Services; *Uniform Crime Report*

Exhibit 3
Statewide Drug Abuse Arrests
Calendar 2002-2012



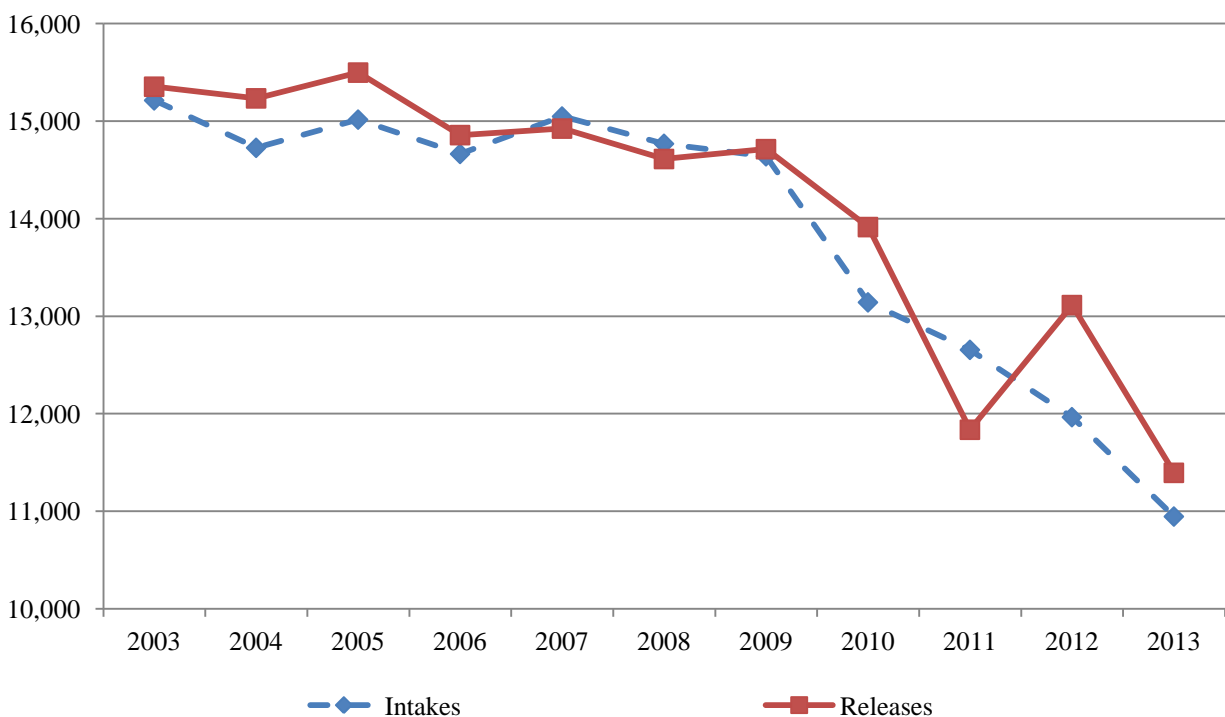
Source: Department of Legislative Services; *Uniform Crime Report*

State and Local Corrections Population

The number of arrests has a direct impact on the populations managed by DPSCS. **Exhibit 4** shows the number of offender intakes and releases from DPSCS Operations between fiscal 2003 and 2013. Intakes have been on a steep decline for the past five years, falling from 14,640 offenders entering the system in fiscal 2009 to 10,946 entering in fiscal 2013. Releases fell at a similar pace but spiked in fiscal 2012, before resuming the downward trend. In fiscal 2013, the department released 11,394 offenders back into the community.

When the number of offenders released annually exceeds the number of offenders brought into the DPSCS system, the prison population will decline or at least slow its rate of growth; when intakes exceed releases, the prison population will rise. On average, the department has released 325 more offenders per year than it has received over the past five years. Most notably, in fiscal 2012, releases exceeded intakes by 1,149 offenders.

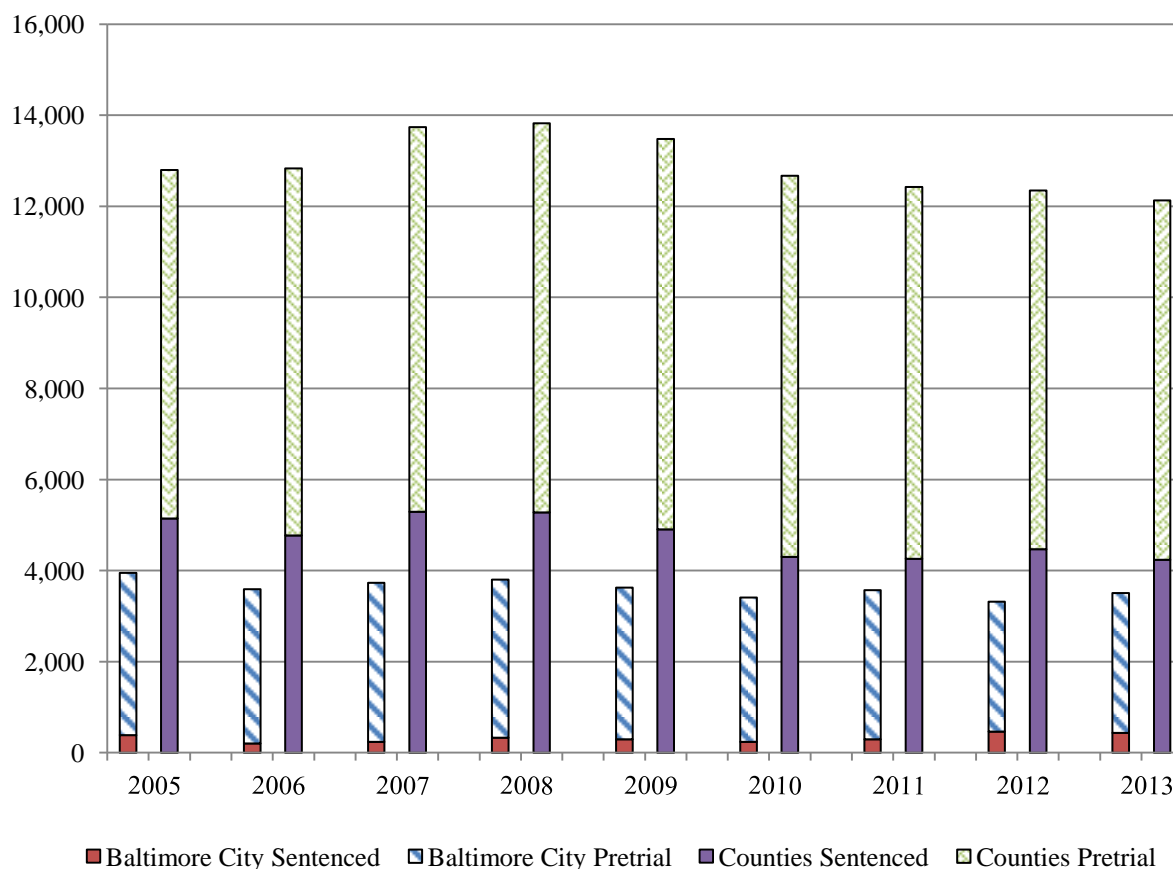
**Exhibit 4
Department of Public Safety and Correctional Services
Intakes vs. Releases
Fiscal 2003-2013**



Source: Department of Public Safety and Correctional Services

The impact of fewer arrests and increased prison releases can be seen in **Exhibit 5**, which shows the average daily population (ADP) for offenders held in local jails and detention centers. This data includes offenders in the Baltimore City local jail population, for which the State took over operations in 1991. Except in Baltimore City, offenders are held in local detention centers if they are detained while awaiting trial, or if they are sentenced to a term of 12 months or less. Offenders sentenced between 12 and 18 months can also be confined in local detention centers or sentenced to the State’s DPSCS Operations, at the judge’s discretion. In Baltimore City, pretrial offenders account for nearly 90.0% of the population held in the detention center. In comparison, pretrial detainees account for approximately 65.0% of the population in the county detention centers. Between fiscal 2012 and 2013, the average detention population in Baltimore City increased by approximately 5.6%, entirely among the pretrial population. The counties’ detention center ADP declined by 1.8% during the same time period. This is the fifth consecutive year of population decline for the local detention population.

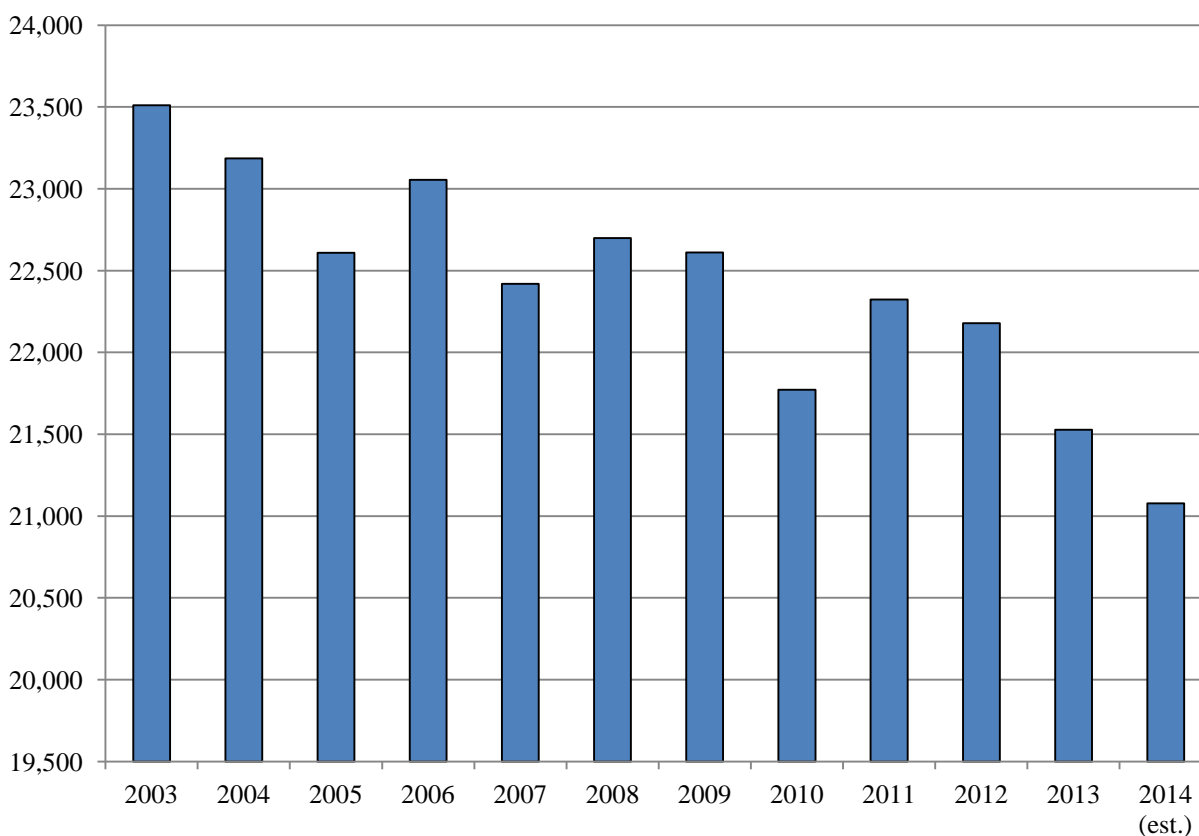
**Exhibit 5
Local Jail Average Daily Population
Fiscal 2005-2013**



Source: Local jail statistics furnished to the Department of Public Safety and Correctional Services by county detention centers.

Exhibit 6 reflects the continued decline for the inmate population housed in State prison facilities. The ADP for fiscal 2013 was 21,527 inmates. This is a nearly 3.0% (650 inmates) reduction from fiscal 2012. DPSCS projects an inmate population of 21,077 housed in its correctional facilities in fiscal 2014. This 2.1% decrease (450 offenders) falls far short of the 1,200 offender reduction projected for fiscal 2014 under the earned release policy. The department acknowledges misestimating the size of the population eligible for early release under the policy, which has resulted in fewer inmates being paroled than anticipated. The fiscal 2014 and 2015 budgets reflect the need for additional funding to support the increased population. The department’s ADP is approximately 900 to 1,000 inmates higher than budgeted in fiscal 2014.

Exhibit 6
Department of Public Safety and Correctional Services
Average Daily Population – State Prison Facilities
Fiscal 2003-2014 (est.)

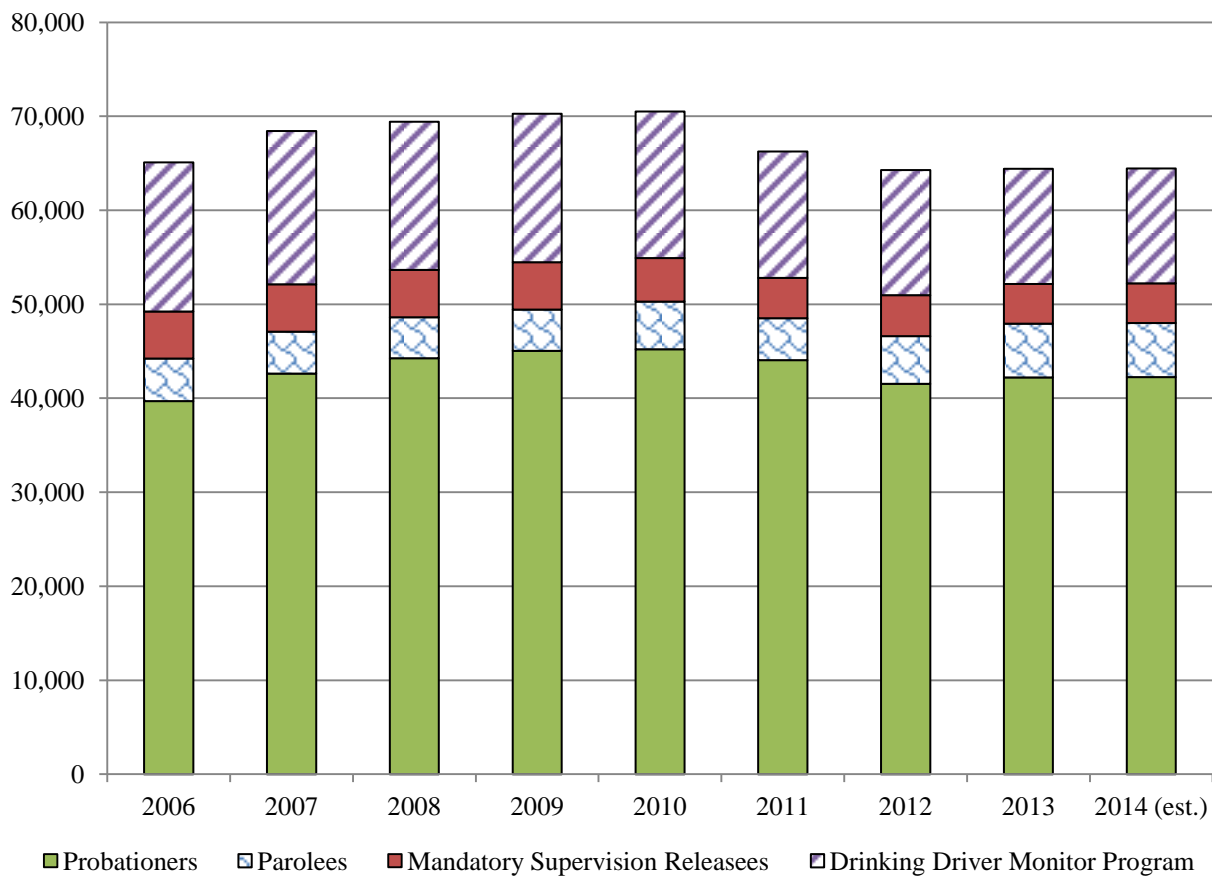


Source: Department of Public Safety and Correctional Services

Community Supervision

Exhibit 7 shows the number of offenders with active cases under supervision from fiscal 2006 through 2014 by the following types of supervision: probation, parole, mandatory release, and drinking driver monitor program (DDMP). Probationers account for nearly two-thirds of the entire community supervision population, followed by DDMP participants (19.0%), parolees (9.0%), and mandatory supervision releases (7.0%). Between fiscal 2010 and 2013, the total number of offenders with active cases decreased by nearly 6,100, or 8.6%. Parole release cases were the only case type to increase during this period, growing by 12.2% over three years. The most significant change was among the DDMP, which saw a population decline of 21.5%. The total community supervision population remained steady between fiscal 2012 and 2013, with less than 1.0% growth, and is expected to remain stable in fiscal 2014.

Exhibit 7
Department of Public Safety and Correctional Services
Offenders with Active Cases under Supervision
Fiscal 2006-2014 (est.)

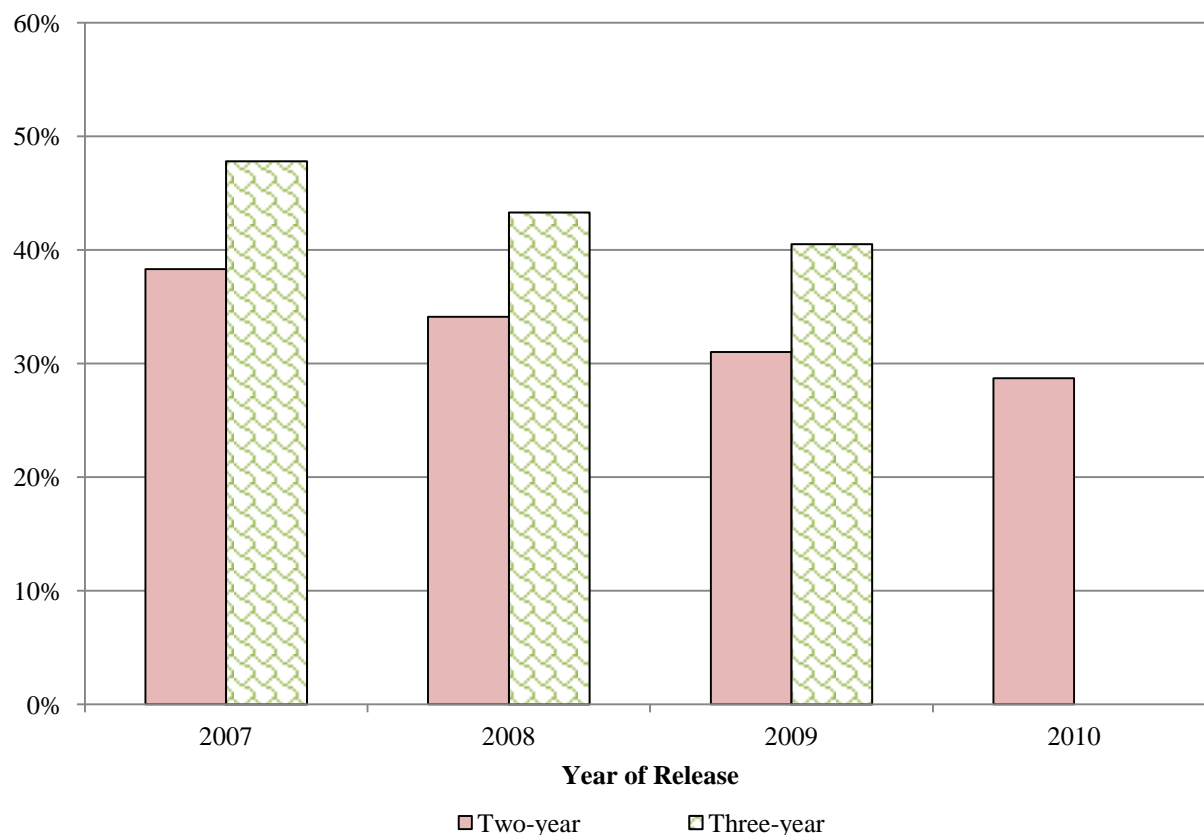


Source: Department of Public Safety and Correctional Services

Recidivism

DPSCS defines recidivism as “a new Maryland conviction that results in a return to departmental incarceration or supervision on probation within three years of an inmate’s date of release from departmental incarceration or a probationer’s entry (intake) into community supervision.” **Exhibit 8** shows the two- and three-year recidivism rates for all offenders released from departmental custody since fiscal 2007.

Exhibit 8
Department of Public Safety and Correctional Services
Two- and Three-Year Recidivism Rates
Fiscal 2007-2010 Releases

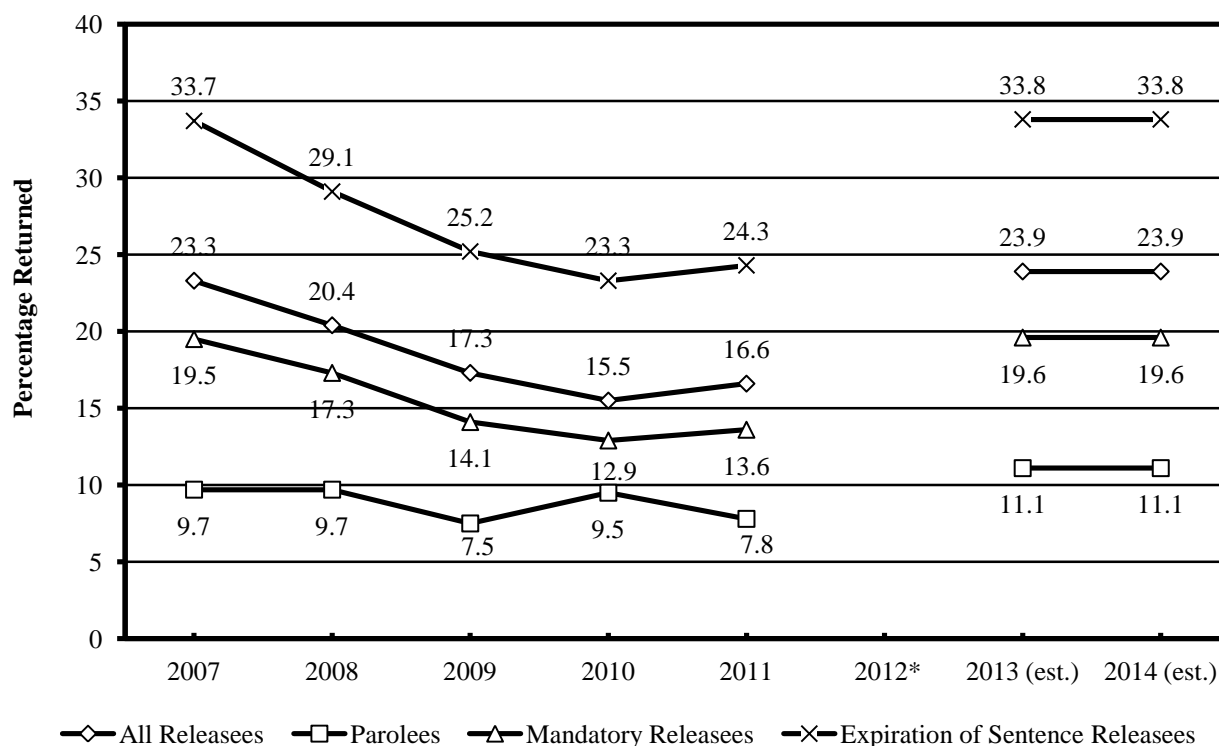


Source: Department of Public Safety and Correctional Services, Repeat Incarceration Supervision Cycle Report

The three-year recidivism rate, the most common form of measurement, has fallen 7 percentage points between fiscal 2007 and 2012, from 47.8 to 40.5%. This is the lowest three-year recidivism rate in the past decade; historically, nearly half of all offenders released in Maryland returned to departmental custody within three years of release. DPSCS attributes the significant reduction to improvements in communication with other State agencies, such as the Department of Health and Mental Hygiene and the Department of Labor, Licensing, and Regulation, to provide efficient wraparound services for offenders reentering the community. In addition, more inmates are participating in community service projects, job skills training, employment readiness programming, and mental health and addictions counseling.

Exhibit 9 provides the one-year recidivism rate by type of release (*i.e.*, parole, mandatory release, or expiration of sentence). The one-year recidivism rate for all types of releases declined between fiscal 2007 and 2010. Approximately 16.6% of all offenders released in fiscal 2010 were returned within one year of release. Nearly one-quarter of the offenders released into the community due to the expiration of their sentence in fiscal 2010 were returned within one year. This category of released offender has the highest rate of return. Parolees were least likely to return within one year of release.

Exhibit 9
Department of Public Safety and Correctional Services
One-year Recidivism Rate
Fiscal 2007-2014 (est.) Releases



*Data is not available until February 2014. Offenders were released in the fiscal year prior to the reported year.

Source: Governor’s Budget Books, Fiscal 2015; Department of Public Safety and Correctional Services Repeat Incarceration Supervision Cycle Report

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The department has reported its recidivism data through its Repeat Incarceration Supervision Cycle (RISC) report for the past 30 years using data gathered from its Offender Based State Correctional Information System (OBSCIS). These antiquated databases permit limited data manipulation and do not allow the department to delineate the rate of return for offenders who commit a new offense versus those returned for a technical violation, by gender, arrest versus conviction, *etc.* As such, Maryland is incapable of reporting its recidivism data in comparison to other states. The current data system also does not conform to the Association of State Correctional Administrators (ASCA) Performance-based Measures System.

DPSCS has now deployed its new Offender Case Management System (OCMS) to the custody and supervisory functions incorporated in the Detention, Corrections, and Community Supervision areas of the department. Because the Community Supervision portion of the OBSCIS is no longer active, the RISC program is no longer functional.

Tracking recidivism data is a key component of the OCMS, and the yet-to-be-developed recidivism program is intended to have the capability of tracking releases and returns in compliance with ASCA guidelines. This will be a significant improvement from a data analysis perspective and will provide the State with access to more accurate, specific, and relevant recidivism data; however, this also means that future recidivism outcomes will not be directly comparable to the historical data. According to the department, it will be several years until the OCMS will be capable of producing three-year recidivism data similar to that produced by the RISC.

DPSCS should comment on how it intends to track and report recidivism until such time that a new recidivism program can be developed using the new OCMS system.

Fiscal 2014

Budget Overview

Deficiencies

There are 13 deficiency appropriations, including 2 withdrawn appropriations, which add a net \$30.5 million in general funds to the fiscal 2014 working appropriation. The deficiencies are listed in **Exhibit 10** and will be discussed in further detail in their respective agency analyses.

Exhibit 10
Department of Public Safety and Correctional Services
Fiscal 2014 Deficiency Appropriations

<u>Item</u>	<u>Funding</u>
Custodial employee overtime	\$9,000,000
Additional funding for inmate variable costs needed to support higher than anticipated average daily population	8,454,473
Increased costs for contractual inmate pharmacy services	5,588,543
Installation of a cell phone managed access system at the Baltimore City Detention Center and video cameras at the Baltimore Central Booking and Intake Facility	4,714,647
Increased cost of raw food supplies	2,363,083
Internal Investigation Unit enhancements to staffing and investigative capabilities, including establishment of a Polygraph Unit to conduct pre-employment polygraph examinations	1,759,046
Replace capital bond funds for capital construction contractual employees with general funds	472,788
Drinking Driver Monitor Program revenue collections lower than anticipated	400,000
Enhance Employee Relations Unit staffing to handle an increase in disciplinary cases	182,110
Cost containment reductions for motor vehicle, telecommunication lines, and Public Safety Death Benefit expenditures	-1,575,000
Reversion of funds restricted for the purpose of hiring additional correctional officers	-855,753
Fiscal 2014 Deficiencies Total	\$30,503,937

Source: Department of Legislative Services; State Budget

Cost Containment

There are three across-the-board withdrawn appropriations that offset the increase in deficiency appropriations. This includes reductions to employee/retiree health insurance, funding for a new Statewide Personnel information technology (IT) system, and retirement reinvestment. These actions are fully explained in the analyses of the Department of Budget and Management (DBM) – Personnel, Department of Information Technology (DoIT), and the State Retirement Agency, respectively.

Fiscal 2015

The department's fiscal 2015 allowance totals nearly \$1.4 billion, of which 87.1% is general funds. In comparison to the fiscal 2014 working appropriation, accounting for the \$30.5 million in deficiencies and \$30.9 million in cost containment actions across fiscal 2014 and 2015, the allowance reflects growth of 1.4%. Absent these items, the department's fiscal 2015 allowance reflects growth of approximately \$51.6 million, or 4.0%.

Budget Overview

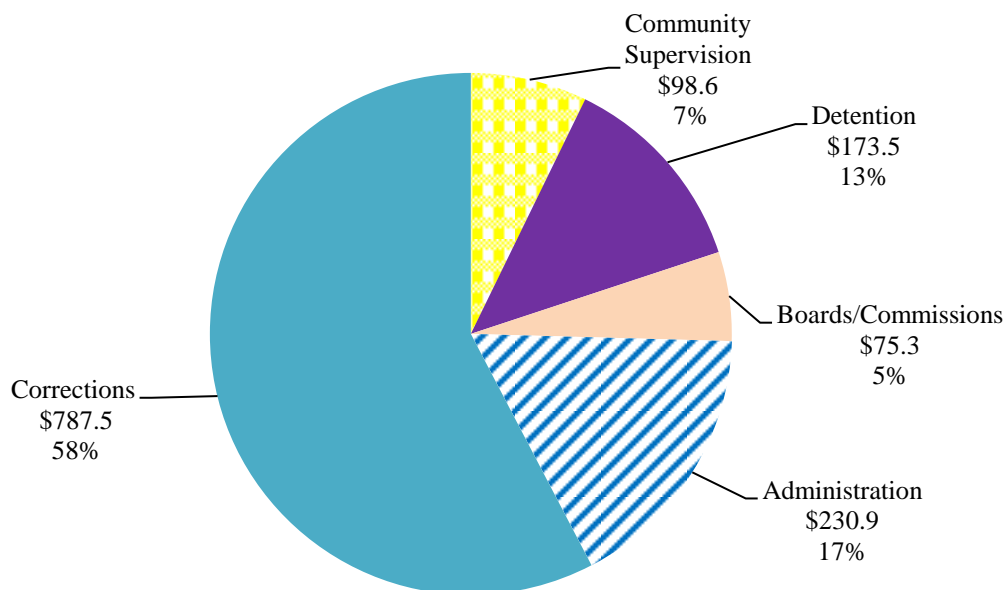
DPSCS can be categorized into five functional areas: administration, boards and commissions, detention, corrections, and community supervision. As seen in **Exhibit 11**, the largest functional unit is the corrections function, responsible for the physical confinement and control of inmates incarcerated by Maryland's judicial system and includes the operation of 22 state prison facilities. The corrections function accounts for 58%, or \$787.5 million, of the department's nearly \$1.4 billion fiscal 2015 allowance.

The next largest functional area is the administration function, composed of most of the units within the Office of the Secretary, including the Internal Investigative Unit, General Administration, Capital and Facilities Management, and the IT and Communications Division. The administration function also includes the Office of the Deputy Secretary for Operations, the General Administration units for each region, and Maryland Correctional Enterprises (MCE). Aside from MCE, the department's prison industry entity, the administrative units coordinate and support the activities of the other functions. The administration function's fiscal 2015 allowance is \$230.9 million, or 17% of the total DPSCS allowance.

The detention function is responsible for everyone arrested in Baltimore City, or arrested on a warrant from Baltimore City. It includes the Baltimore Central Booking and Intake Center, the Baltimore City Detention Center, and the federal Chesapeake Detention Facility. Operation of these detention facilities accounts for 13% of the department's allowance in fiscal 2015.

The community supervision function includes the Maryland Parole Commission, the Pretrial Release Services Program, and the units responsible for supervising offenders under

Exhibit 11
Department of Public Safety and Correctional Services
Fiscal 2015 Allowance by Function
(\$ in Millions)



Source: Department of Legislative Services; State Budget

criminal supervision via probation or parole, and individuals assigned to DDMP. The supervision function’s fiscal 2015 allowance is \$98.6 million, or 7%, of the total DPSCS allowance.

The final functional area is the boards and commissions function, which includes the Criminal Injuries Compensation Board (CICB), the Inmate Grievance Office, the Emergency Number Systems Board (ENSB), the Maryland Commission on Correctional Standards (MCCS), and the Police and Correctional Training Commissions (PCTC). Each of these agencies, except for PCTC and MCCS, receives the majority of its operating revenue from special funds. CICB provides the administrative support to victims who wish to be compensated for injuries and damages sustained as a result of criminal activity. ENSB develops policy and provides financial support for the State’s 9-1-1 emergency system. MCCS develops and audits compliance with the standards for all public and private correctional and detention facilities in the State. PCTC develops the training standards for all law enforcement and correctional officers in the State and provided over 54,000 training days in fiscal 2010. The boards and commissions’ functional area aggregate fiscal 2012 allowance is approximately \$75.3 million, or 5%, of DPSCS’ total allowance.

Q00 – DPSCS – Fiscal 2015 Budget Overview

Exhibit 12 provides an overview of the fiscal 2015 allowance by agency compared to the fiscal 2014 working appropriation. The most significant dollar increases occur in DPSCS administration and operations, although the actual percentage growth is minimal. DPSCS administration and operations grow by \$5.6 and \$12.0 million, respectively, which reflects growth of 2.1 and 1.2% in comparison to fiscal 2014 spending.

Exhibit 12
Department of Public Safety and Correctional Services
Total Funds by Program
Fiscal 2014-2015
(\$ in Thousands)

	<u>Working</u> <u>Approp.</u> <u>2014</u>	<u>Deficiency</u> <u>Approp.</u> <u>2014</u>	<u>Across-</u> <u>the-board</u> <u>Actions</u> <u>2014</u>	<u>Revised</u> <u>Working</u> <u>Approp.</u> <u>2014</u>	<u>Allowance</u> <u>2015</u>	<u>Across-</u> <u>the-board</u> <u>Actions</u> <u>2015</u>	<u>Revised</u> <u>Allowance</u> <u>2015</u>	<u>\$</u> <u>Change</u> <u>2014-15</u>	<u>%</u> <u>Change</u> <u>2014-15</u>
Operating Programs									
DPSCS									
Administration	\$273,138	-\$17	-\$4,822	\$268,299	\$275,422	-\$1,502	\$273,920	\$5,621	2.1%
Parole Commission	5,758		-118	\$5,640	6,103	-66	\$6,037	\$397	6.9%
Inmate Grievance Office	942			\$942	1,008	-12	\$996	\$53	5.7%
Police/Correctional Training Commissions	9,493		-107	\$9,386	9,279	-63	\$9,216	-\$169	-1.8%
Criminal Injuries Compensation Board	4,358			\$4,358	5,048	-8	\$5,040	\$682	15.6%
Maryland Commission on Correctional Standards	547		-8	\$539	583	-5	\$578	\$39	7.2%
DPSCS Operations	1,032,801	30,521	-15,577	\$1,047,745	1,068,406	-8,643	\$1,059,763	\$12,019	1.2%
Total	\$1,327,036	\$30,504	-\$20,632	\$1,336,908	\$1,365,849	-\$10,299	\$1,355,550	\$18,643	1.4%
Funds									
General Fund	\$1,137,850	\$30,504	-\$20,632	\$1,147,722	\$1,190,641	-\$9,785	\$1,180,856	\$33,134	2.9%
Special Fund	156,281			\$156,281	141,245	-312	\$140,933	-\$15,348	-9.8%
Federal Fund	26,070			\$26,070	27,607	-202	\$27,405	\$1,335	5.1%
Reimbursable Fund	6,835			\$6,835	6,356		\$6,356	-\$479	-7.0%
Total	\$1,327,036	\$30,504	-\$20,632	\$1,336,908	\$1,365,849	-\$10,299	\$1,355,550	\$18,643	1.4%

DPSCS: Department of Public Safety and Correctional Services

Note: Across-the-board reductions are made to spending for the Statewide Personnel system, employee health insurance and pension costs.

Source: Department of Public Safety and Correctional Services, Governor's Budget Books, Fiscal 2015

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The total general fund appropriation for the department reflects growth of \$33.1 million, or 2.9%. Absent the deficiency appropriations and across-the-board reductions, general fund growth is 3.8%. Given that more than four-fifths of the department’s operations are funded via general funds, this reflects minimal growth in fiscal 2015 and suggests likelihood for underfunding in the Governor’s allowance.

The department’s special fund appropriation decreases by 9.8%; however, this is somewhat deceiving. The \$15.3 million decrease is primarily due to the privatization of inmate commissary. Previously, DPSCS supported all commissary operations, which required the department to purchase and maintain commissary inventory in each facility. With the privatization of the commissary function, offenders will order commissary items directly through the vendor, thus eliminating all commissary related expenditures for the department. Neutralizing the impact from the loss of these inmate welfare funds reveals that the special fund appropriation actually grows by 0.9%, or \$1.3 million in fiscal 2015.

The \$1.3 million (5.1%) increase in federal funds is primarily driven by additional federal revenue for the operation of the Chesapeake Detention Facility in Baltimore City. This facility houses federal detainees awaiting trial in Maryland and is operated by the State on behalf of the federal government.

The \$479,000 (7%) decrease in reimbursable funds reflects a shift in policy away from utilizing capital bond funds to support contractual employee salaries within the Division of Capital Construction and Facilities Maintenance. The use of general obligation bonds for this purpose would be acceptable if the contractual employees were providing services tied to a specific project; however, it appears that this is not the case for all of the division’s current contractual staff. A fiscal 2014 deficiency appropriation provides offsetting general funds to continue to cover these costs.

Exhibit 13 provides additional detail on how the department’s operating expenses in the fiscal 2015 allowance increase by \$49.1 million, absent the fiscal 2014 deficiency appropriations.

Exhibit 13
Proposed Budget
Department of Public Safety and Correctional Services
Fiscal 2015
(\$ in Thousands)

Where It Goes:

Personnel Expenses

New positions	\$4,819
Abolished/transferred positions	-290
Increments and other compensation	9,389

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Where It Goes:

Employee overtime.....	6,000
Employee and retiree health insurance	-9,188
Employee retirement system.....	8,365
Workers’ compensation premium assessment.....	649
Turnover adjustments	20,427
Other fringe benefit adjustments	1,110

Cost Allocations

Statewide Personnel system allocation.....	892
Department of Budget and Management paid telecommunications	-680
Department of Information Technology, information technology services allocation.....	-475

Other Changes

Inmate medical expenses	10,919
Cell phone managed access systems implemented at BCBIC and MRDCC.....	7,180
Inmate food.....	2,808
911 grants	2,000
Awards made to victims of crime	620
Pilot program to provide 25 young offenders with job services.....	367
Expansion of canine unit (nonpersonnel costs)	200
Community mediation re-entry program	135
Loss of inmate welfare funds due to the privatization of commissary	-13,038
Maryland Correctional Enterprises supply and materials purchases	-2,330
Public safety death benefits	-250
One-time funding to replace the fire alarm system at BCCC in fiscal 2014	-545
Other changes	63

Total **\$49,147**

BCCC: Baltimore City Correctional Center
 BCBIC: Baltimore City Central Booking and Intake Center
 MRDCC: Maryland Reception, Diagnostic, Classification Center

Note: The fiscal 2014 working appropriation reflects negative deficiencies and contingent reductions. The fiscal 2015 allowance reflects back of the bill and contingent reductions. Numbers may not sum to total due to rounding.

Source: Department of Legislative Services

Personnel expenses increase by a net \$41.3 million. The addition of 105 new regular positions increases the allowance by \$4.8 million. Employee overtime increases \$6.0 million in the fiscal 2015 allowance; however, this growth is negated once the \$9.0 million fiscal 2014 deficiency appropriation is considered. Employee and retiree health insurance declines by \$9.2 million, as appropriations across-the-board are reduced in recognition of an existing prior year surplus. The department receives an additional \$20.4 million for employee turnover. A

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portion of this increase is a budgeting error, due to the overstatement of salaries and turnover in fiscal 2014 resulting from the annualization of the 3% employee cost-of-living adjustment (COLA), which was actually only effective for six months. The majority of the increase, however, is to provide turnover relief to allow the department to fill existing vacancies and maintain its existing 98% fill rate for correctional officers.

Nearly \$7.2 million in general funds is provided to implement cell phone managed access systems at the Baltimore City Central Booking and Intake Facility and the Maryland Reception, Diagnostic, and Classification Center. A similar system was implemented at the Metropolitan Transition Center in fiscal 2013, and a fiscal 2014 deficiency appropriation provides funding to implement a system at the Baltimore City Detention Center (BCDC). The funding in the fiscal 2015 allowance will provide coverage for nearly all buildings within the Baltimore City Correctional Complex.

The fiscal 2015 allowance includes \$517,000 for two new community-based services programs. Approximately \$367,000 is provided to implement a 25-person pilot program to provide intensive skills development services to high-risk young offenders. This program is modeled after the Roca program in Massachusetts. The remaining \$150,000 is for a new community mediation re-entry program. This program partners DPSCS with Community Mediation Maryland to provide inmates with the chance to mediate with family members before release, to address conflicts and collaboratively plan for transition to the community.

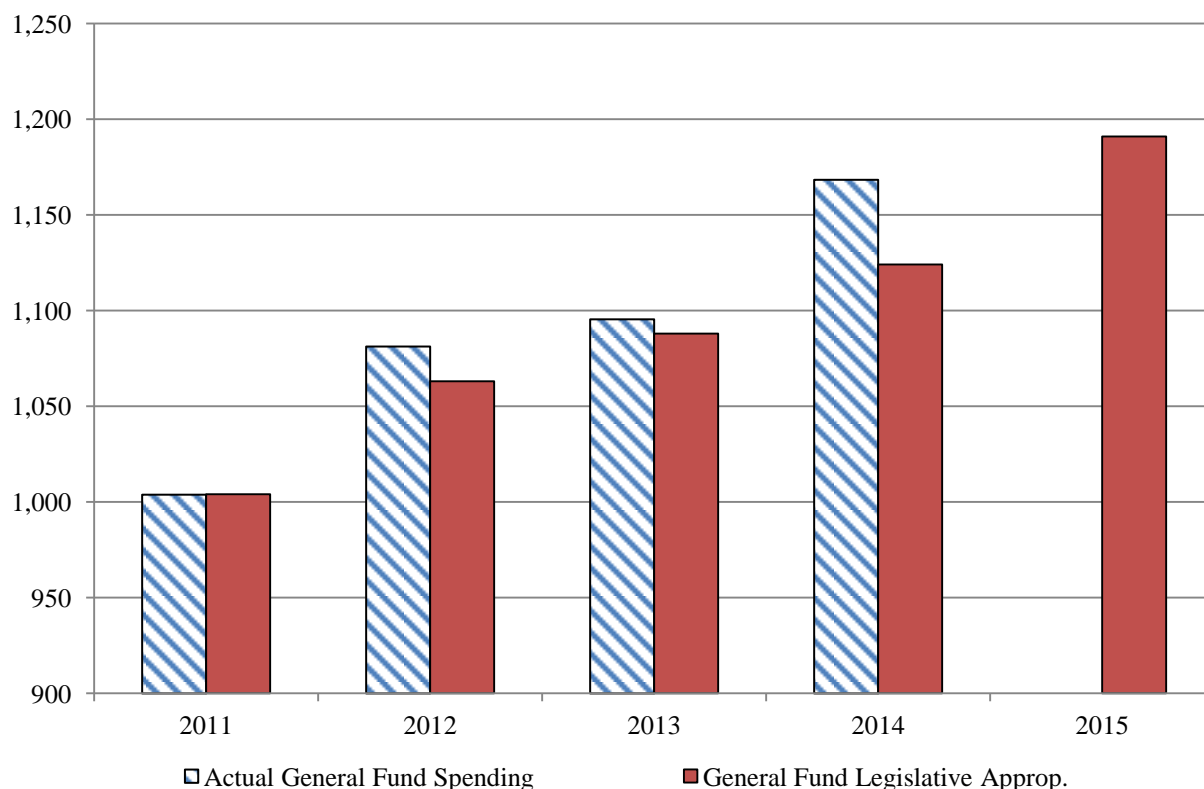
Offsetting these increases is the special fund reduction of \$13.0 million due to the loss of inmate welfare funds associated with the privatization of commissary operations. As previously discussed, correctional commissary operations are no longer State-operated; therefore, commissary purchases need not be recorded as departmental expenditures. The MCE supply and material purchases also reflect a \$2.3 million special fund reduction based on projected sales volume in fiscal 2015. There is also a nearly \$250,000 general fund reduction, as no appropriation is provided for Public Safety Death Benefits in fiscal 2015. Approximately \$1.0 million is also withdrawn in fiscal 2014. The department estimates that the accrual from prior years should provide adequate funding, as overseas military action is lessening and a decrease in total claims is anticipated.

There is also one across-the-board reduction and one contingent reduction reflected in the Governor's spending plan for the fiscal 2015 allowance. This affects funding for employee/retiree health insurance and retirement reinvestment. These actions are fully explained in the analyses of the DBM – Personnel and the State Retirement Agency.

Underfunding Concerns

Exhibit 14 compares the department's actual general fund expenditures versus the legislative appropriation for the past five fiscal years. On average, general funds account for 85% of the department's budget. General fund deficiencies were provided in each of the past

Exhibit 14
Department of Public Safety and Correctional Services
Five-year Underfunding Trend
Fiscal 2011-2015



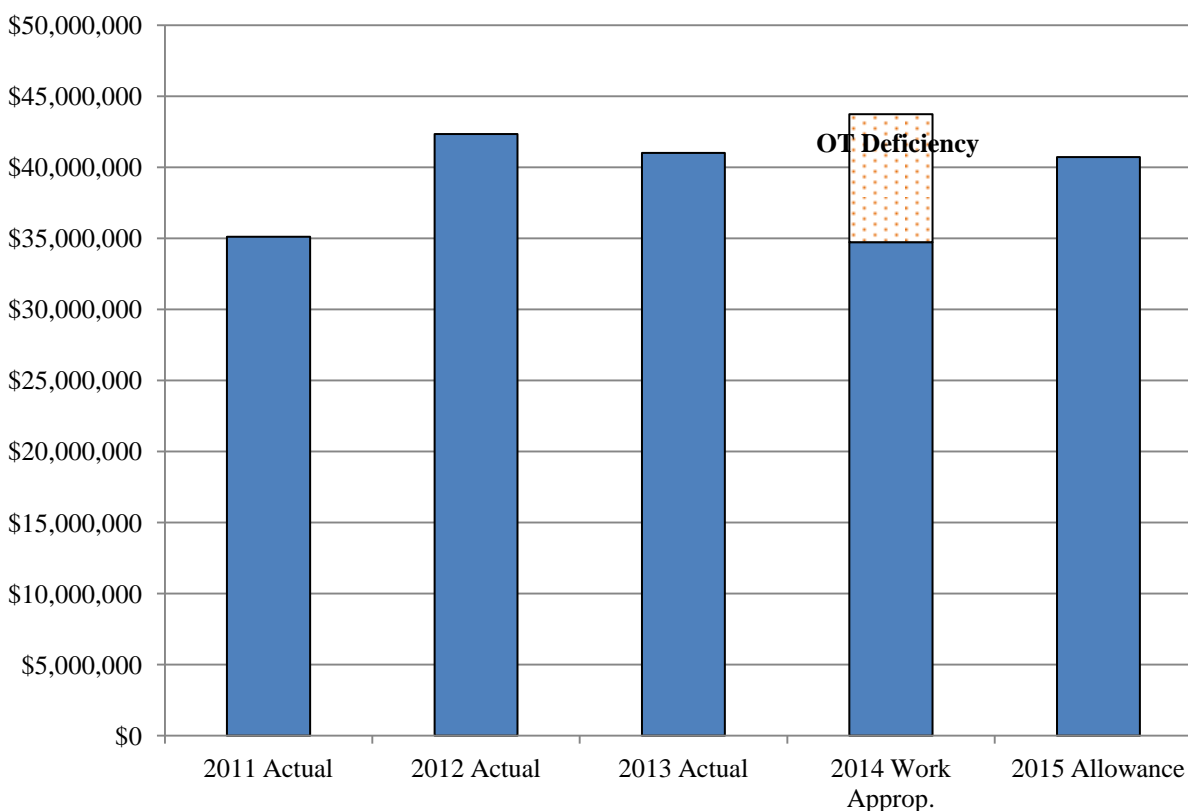
Note: Includes fiscal 2014 deficiencies.

Source: Department of Legislative Services; Department of Budget and Management

four fiscal years, with the amount increasing each year. In addition, the gap between the legislative appropriation and actual expenditures, that the deficiencies are needed to fill, has been growing. In fiscal 2011, the department only required a \$2.8 million general fund deficiency, with nearly 100% of the department’s expenses funded by the legislative appropriation. The fiscal 2015 allowance includes \$30.5 million in fiscal 2014 deficiencies, meaning only 96% of the department’s expenditures were funded by the budget passed during the 2013 session.

Two habitual areas of underfunding within the department’s budget are employee overtime and inmate medical expenses. **Exhibit 15** shows DPSCS employee overtime spending

Exhibit 15
Department of Public Safety and Correctional Services
Employee Overtime
Fiscal 2011-2015 Allowance



Source: Department of Public Safety and Correctional Services

from fiscal 2011 through the fiscal 2015 allowance. Overtime expenses totaled \$35.1 million in fiscal 2011, the only year in the past five fiscal years when overtime spending was below \$40.0 million. Overtime did decrease between fiscal 2012 and 2013 by \$1.3 million, or 3.1%; however, the \$9.0 million deficiency in fiscal 2014 shows that the reduction was unsustainable. With the deficiency, the fiscal 2014 overtime budget reflects growth of \$2.7 million, or 6.6%.

At odds with the provision of \$9.0 million to fund deficient overtime expenses in fiscal 2014 is the simultaneous forced reversion of \$855,753 in personnel expenses restricted by the General Assembly during the 2013 session for the purpose of hiring additional correctional officers to reduce overtime costs. Language added to the fiscal 2014 budget bill had restricted the funds for the sole purpose of hiring 14.5 correctional officers. Although the Administration could have opted to add new regular positions via the Board of Public Works, DPSCS had intended to use the funds to fill existing vacant positions. Correctional officer positions have

turnover rates of approximately 2%, which is well below the budgeted turnover rate, meaning the department could have used the nearly \$900,000 in restricted funds toward existing positions. This would have had the same overall impact on overtime expenditures.

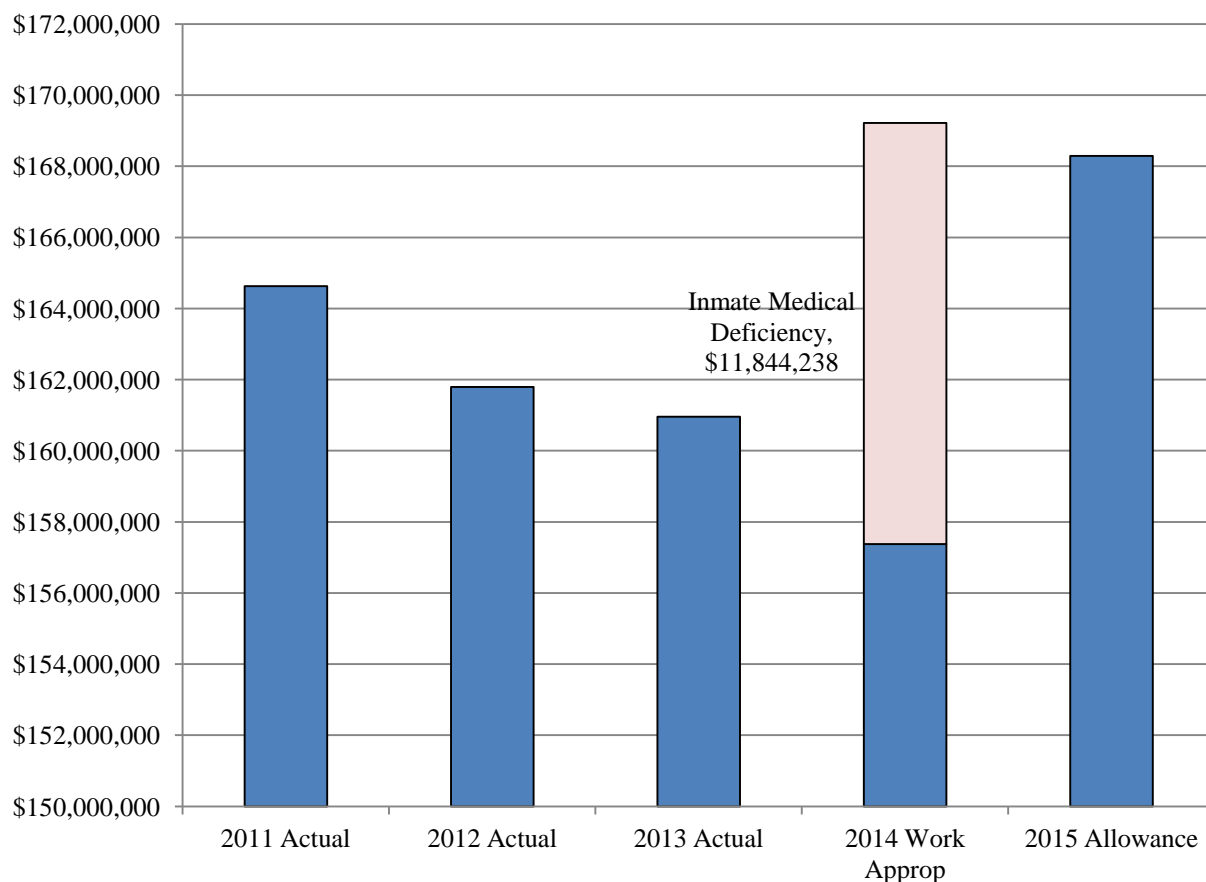
DBM should explain the fiscal policy decisions that result in the provision of a sizable overtime deficiency appropriation at the same time similar personnel funds are being withdrawn.

The fiscal 2015 allowance for overtime is approximately \$40.7 million. Approximately \$637,000 of the fiscal 2015 appropriation is provided to begin a multi-year plan to increase in-service training for correctional officers from 18 to 40 hours annually. The department began implementation with six facilities in fiscal 2014, and the fiscal 2015 allowance provides for six additional facilities to increase training. It is anticipated that by the end of fiscal 2017 all facilities will be receiving 40 hours of in-service training annually.

The fiscal 2015 allowance reflects a \$3.0 million decrease compared to fiscal 2014, once the deficiency is taken into account. It is possible that some overtime savings could be achieved with the 100 new correctional officer positions provided in the allowance because additional filled positions will reduce the number of special assignment posts required. Special assignment posts are fully funded through the use of overtime. With a 40% turnover rate and the time needed to train the new officers, any impact to overtime in fiscal 2015 would not be realized until the end of the fiscal year and, therefore, is likely to be minimal. In the DPSCS fiscal projection for adding 377 additional positions, at the rate of 100 positions per year, the department estimated annual overtime savings of \$4.8 million beginning in fiscal 2016. As such, it should be anticipated that fiscal 2015 will also need additional overtime funding beyond what is provided in the allowance.

Exhibit 16 shows funding for inmate medical expenses since fiscal 2011. Costs had been declining between fiscal 2011 and 2013 due to advancement in medical technologies, improved vigilance by medical staff to control costs, and investing in preventative medicine. In the fiscal 2015 allowance, however, inmate medical expenses increase by \$10.9 million, absent any deficiency appropriations. Once the \$11.8 million in inmate medical deficiencies are included, the allowance actually decreases by \$926,000. Inmate medical spending in both fiscal 2014 and 2015 reflects a 5% increase over fiscal 2013 actual expenditures. This growth is in part due to inflation increases and a higher inmate population. DPSCS misestimated the number of inmates released under its earned release policy, resulting in a higher than budgeted ADP. The growth also reflects additional funding needed specifically for the inmate pharmacy contract. Ongoing issues surrounding the procurement of a new inmate pharmacy contract have resulted in higher expenditures than originally budgeted in fiscal 2014. The expectation is that the current status, and subsequent need for additional funding, will continue through the majority of fiscal 2015 until a new contract can be procured.

Exhibit 16
Department of Public Safety and Correctional Services
Inmate Medical Expenses
Fiscal 2011-2015 Allowance



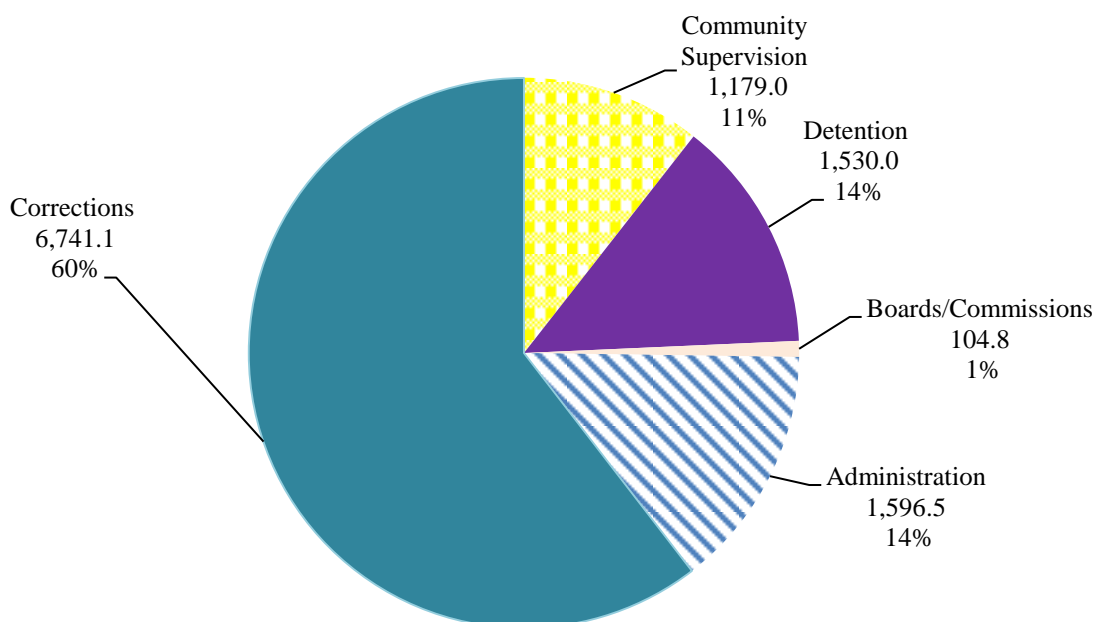
Source: Department of Public Safety and Correctional Services

Regardless of when the new pharmacy contract is awarded, the fiscal 2015 allowance does not provide for any growth, inflationary or otherwise in inmate medical expenses. It is likely that additional funding will be required for this purpose in fiscal 2015.

Staffing Overview

Exhibit 17 illustrates the department’s fiscal 2015 regular position complement delineated into each of the five functional areas. Since the delivery of correctional services is very staff intensive, the position complement closely mirrors departmental spending. The corrections function accounts for 60% of all DPSCS personnel with 6,741 regular positions. The

Exhibit 17
Department of Public Safety and Correctional Services
Regular Position Complement by Function
Fiscal 2015



Source: Department of Legislative Services; State Budget

detention function has 14% of the department’s employees. The community supervision function has 11% of all employees, despite accounting for only 7% of the fiscal 2015 allowance. Personnel in the department’s administrative units make up 14% of the position complement, with nearly 1,600 positions. The boards and commissions function requires only 1% of the department’s personnel, but 5% of its budget.

Exhibit 18 provides additional detail on both the regular position and contractual full-time equivalent complement by agency, providing the net impact of position changes in fiscal 2014 and 2015. As a whole, DPSCS maintained level staffing for regular positions from the fiscal 2014 legislative to the working appropriation. Within the department, however, 30 positions were transferred from the operations unit to administration. DPSCS reclassified existing vacancies within the department to enhance Internal Investigative Unit operations in the wake of the BCDC corruption scandal and create a new applicant polygraph unit. The department also used the reclassified positions to enhance the human resources division in order to handle an increase in disciplinary cases and the additional workload resulting from more thorough hiring policies.

Exhibit 18
Department of Public Safety and Correctional Services
Personnel Summary
Fiscal 2014-2015

Regular Positions by Program

	<u>Leg.</u> <u>Approp.</u> <u>2014</u>	<u>Wrkg</u> <u>Approp.</u> <u>2014</u>	<u>Change</u> <u>Leg.</u> <u>Wrkg.</u>	<u>Allowance</u> <u>2015</u>	<u>Change</u> <u>2014-15</u>	<u>% Change</u> <u>2014-15</u>
<u>Operating Programs</u>						
DPSCS Administration	1,363.5	1,393.5	30.0	1,402.5	9	0.6%
Parole Commission	76.0	76.0	0.0	76.0	0	0.0%
Inmate Grievance Office	7.0	7.0	0.0	7.0	0	0.0%
Police/Correctional Training Commissions	76.8	76.8	0.0	76.8	0	0.0%
Criminal Injuries Compensation Board	12.0	12.0	0.0	12.0	0	0.0%
Maryland Commission on Correctional Standards	4.0	4.0	0.0	4.0	0	0.0%
DPSCS Operations	9,507.1	9,477.1	-30.0	9,573.1	96	1.0%
Total	11,046	11,046	0	11,151	105	1.0%

Contractual Positions by Program

	<u>Leg.</u> <u>Approp.</u> <u>2014</u>	<u>Wrkg</u> <u>Approp.</u> <u>2014</u>	<u>Change</u> <u>Leg.</u> <u>Wrkg.</u>	<u>Allowance</u> <u>2015</u>	<u>Change</u> <u>2014-15</u>	<u>% Change</u> <u>2014-15</u>
<u>Operating Programs</u>						
DPSCS Administration	157.93	162.48	4.55	158.88	-3.60	-2.2%
Parole Commission	3.56	3.65	0.09	3.65	0.00	0.0%
Inmate Grievance Office	0.90	0.75	-0.15	0.75	0.00	0.0%
Police/Correctional Training Commissions	28.03	27.16	-0.87	27.16	0.00	0.0%
Criminal Injuries Compensation Board	4.35	4.26	-0.09	4.26	0.00	0.0%
Maryland Commission on Correctional Standards	3.68	3.68	0.00	3.68	0.00	0.0%
DPSCS Operations	197.45	196.35	-1.10	196.35	0.00	0.0%
Total	395.90	398.33	2.43	394.73	-3.60	-0.9%

DPSCS: Department of Public Safety and Correctional Services

Source: Department of Public Safety and Correctional Services; Governor's Budget Books, Fiscal 2015

Q00 – DPSCS – Fiscal 2015 Budget Overview

In the fiscal 2015 allowance, the department receives a net 105 new positions. The administration unit receives an additional 9 positions. This includes the contractual conversion of two administrative positions within the Central Hiring Unit (CHU) to assist with employee recruitment, examinations, and background checks. Seven positions are provided for the expansion of the department's Canine Unit, which will assist with controlling the entrance of contraband into the correctional facilities, in lieu of using full body scanners.

The fiscal 2015 allowance also provides for 100 new correctional officer positions, in accordance with language added to the fiscal 2014 budget bill by the General Assembly. This includes 61 positions assigned to the North Region, 16 positions assigned to the South Region, and 23 positions assigned to the Central Region. Offsetting these additional positions is the abolishment of four long-term vacant positions within DDMP because the revenues generated from DDMP fees cannot fully support the operating costs.

The entire department's contractual full-time equivalent (FTE) complement increases in fiscal 2014 by a net 2.43 FTEs. Additional contractual FTEs were added in the administration to enhance Internal Investigative Unit (IIU) and hire investigators for the CHU to assist with employee background checks. In the fiscal 2015 allowance, 3.6 FTEs are lost, as these FTEs are converted to 2.0 regular positions within CHU.

Issues

1. Special Joint Commission on Public Safety and Security in State and Local Correctional Facilities

On April 23, 2013, a federal grand jury returned an indictment charging 25 individuals, including inmates and 13 correctional officers employed by the Maryland DPSCS, with conspiring to run operations of the Black Guerilla Family (BGF) gang inside the BCDC and related facilities. Charges included racketeering, drug distribution, money laundering, victim and witness retaliation, bribery, and extortion. According to the indictment, correctional officers helped leaders of BGF smuggle cell phones, drugs, and other contraband into State correctional facilities.

The Presiding Officers created the Special Joint Commission on Public Safety and Security in State and Local Correctional Facilities to conduct an in-depth study and critical review of the laws, regulations, policies, and practices affecting safety and security at all State prisons and local jails during the 2013 interim. As part of that review, the commission toured BCDC and heard testimony from representatives of the Department of Legislative Services (DLS), DPSCS, the Maryland Judiciary, the American Federation of State, County, and Municipal Employees, the Baltimore City Criminal Justice Coordinating Council, the Office of the Public Defender, private attorneys, and the Baltimore City and Baltimore County State's Attorney's Offices.

The commission released its final report in December 2013, which identified eight major areas of concern and 18 related recommended actions to address those concerns. Highlights of the commission's recommendations include:

- directing Maryland's judicial branch to review the court case management systems in order to improve the timely resolution of cases;
- amending statute to increase maximum penalties for the possession, receipt, or delivery of cell phones within a correctional facility;
- suggesting DPSCS implement a risk assessment tool for evaluating whether offenders at BCDC should be relocated to another long-term correctional facility;
- making replacement of BCDC a priority in the Governor's capital program, and funding security improvements to existing facilities in the interim;
- requiring DPSCS implement ongoing training and security audits, in addition to ensuring a uniform security screening policy and functional cameras for all DPSCS facilities;
- continuing the pursuit of funding for expansion of the cell phone managed access system;

Q00 – DPSCS – Fiscal 2015 Budget Overview

- providing additional correctional officer positions in accordance with fiscal 2014 budget bill language, an increase in in-service training, and a policy for administering polygraph tests to all custodial applicants;
- submitting a report to the General Assembly outlining a plan for employing custodial staff with arrest powers at all facilities on a 24-hour basis;
- amending statute to allow for the emergency suspension without pay for bringing contraband into a correctional facility; and
- requiring submission of a report from MCCA detailing a plan for aligning State audit standards with those of the American Correctional Association (ACA) and providing a timeline for achieving ACA accreditation at each facility.

Two pieces of legislation have been introduced to address the recommendations that require statutory changes. House Bill 175 prohibits a person from attempting to deliver a telecommunication device to a person detained or confined in a place of confinement; increases the penalty for violations relating to delivering, possessing, or receiving a telecommunication device in a place of confinement; and requires a specified sentence to be served consecutive to another sentence. House Bill 176 provides authorization for DPSCS to impose an emergency suspension without pay if a correctional officer is charged with a specified contraband violation, in addition to addressing MCCA related recommendations.

The fiscal 2015 allowance also includes funding to address some of the recommendations. DPSCS has developed a plan to gradually increase in-service training to 40 hours for all certified staff over the next five years. Overtime funding is provided in fiscal 2015 so that the staff at 12 facilities will be receiving 40 hours of in-service training by the end of the fiscal year. The allowance also provides for the expansion of the canine unit by including 7 new positions and six additional dogs to detect and control contraband. Funding is included to upgrade cameras at two correctional facilities and to implement cell phone managed access systems at three facilities in Baltimore City. The department also receives an additional 100 correctional officer positions, in accordance with fiscal 2014 budget language added by the General Assembly. Finally, a fiscal 2014 deficiency appropriation establishes a polygraph unit within the IIU to administer examinations as part of the application process.

The Governor's five-year *Capital Improvement Plan* does include \$10.0 million in fiscal 2019 to begin replacement of the Men's Detention Center. The fiscal 2015 allowance does not, however, include operating or capital funding to replace the existing manually operated corridor doors at BCDC. This was part of a specific recommendation from the commission to address problems with the existing facility until construction could begin.

DPSCS should address improvements made in the wake of the corruption scandal at BCDC, particularly since the commission completed its work in December 2013, and any work in progress. The department should also comment on the feasibility and cost of

replacing the existing doors at BCDC and why the project was not included in the fiscal 2015 budget.

DLS recommends restrictive budget bill language to implement the nonstatutory recommendations of the commission.

Recommended Actions

Provided that \$600,000 of the General Fund appropriation within the Department of Public Safety and Correctional Services may not be expended until:

- (1) By October 1, 2014, the following items are reported to the budget committees and members of the Special Joint Commission on Public Safety and Security in State and Local Correctional Facilities:
 - (a) development of a risk assessment tool for pre-trial and sentenced offenders in Baltimore City to determine whether the Baltimore City Detention Center (BCDC) is the appropriate place of confinement;
 - (b) list of projects and associated cost estimates to improve conditions at BCDC until construction of new detention facilities can begin;
 - (c) report the percentage of security cameras functioning within each region as part of the annual departmental Managing for Results submission;
 - (d) a plan for having an independent third party conduct comprehensive security audits for each facility on a three-year cycle;
 - (e) an evaluation of the use of full body scanners to detect contraband at all State-operated correctional and detention facilities;
 - (f) a plan to employ correctional officers with arrest powers at each of its 22 facilities on a 24-hour basis. The plan should specify, to what extent, the department can achieve this objective with existing resources. As part of its evaluation, the department should consider (1) utilizing a phased-in approach, beginning with BCDC; (2) assigning a correctional officer with arrest powers to a group of correctional facilities that are located within close proximity of each other; and (3) executing formal agreements with local law enforcement agencies to assist DPSCS with arresting non-incarcerated individuals; and
- (2) the budget committees have 45 days to review and comment. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose, and shall revert to the General Fund if the report is not submitted to the budget committees.

Further provided that it is the intent of the General Assembly that the Governor shall provide an additional 277 correctional officer positions to the department, above fiscal 2015 staffing levels, including 100 additional correctional officer positions in fiscal 2016. This intent is in accordance with the phased-in plan established in the fiscal 2014 operating budget, and as

recommended by the Special Joint Commission on Public Safety and Security in State and Local Correctional Facilities, to increase the overall total number of correctional officers by 377.

Explanation: This language restricts funds pending a plan to evaluate or implement nonstatutory recommendations proffered by the Special Joint Commission on Public Safety and Security in State and Local Correctional Facilities. It requires submission of various reports addressing concerns with conditions at BCDC, security evaluations and technology, how best to control the entrance of contraband into correctional facilities, and the use of correctional officers with arrest powers. This language also expresses legislative intent that the Administration continue to implement the plan for increasing the number of correctional officers by 377 over multiple years. The plan established by the General Assembly, and supported by the commission, is to provide 100 additional positions annually until the 377 total positions are included in the department’s budget. The fiscal 2015 allowance does include 100 positions for this purpose.

Current and Prior Year Budgets

Current and Prior Year Budgets Department of Public Safety and Correctional Services (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2013					
Legislative Appropriation	\$1,088,206	\$150,403	\$28,504	\$7,377	\$1,274,489
Deficiency Appropriation	15,997	0	0	0	15,997
Budget Amendments	0	4,371	450	3,883	8,704
Reversions and Cancellations	-8,764	-13,736	-3,098	-813	-26,410
Actual Expenditures	\$1,095,439	\$141,037	\$25,856	\$10,447	\$1,272,780
Fiscal 2014					
Legislative Appropriation	\$1,124,686	\$155,723	\$25,800	\$6,835	\$1,313,044
Budget Amendments	13,164	557	271	0	13,992
Working Appropriation	\$1,137,850	\$156,281	\$26,070	\$6,835	\$1,327,036

Note: The fiscal 2014 working appropriation does not include deficiencies or contingent reductions. Numbers may not sum to total due to rounding.

Fiscal 2013

General fund spending for fiscal 2013 was slightly less than \$1.1 billion, an increase of \$7.2 million from the legislative appropriation.

- The department received nearly \$16.0 million in deficiency appropriations. Approximately \$11.3 million of the deficiency was for employee overtime. An additional \$3.2 million went toward departmental operations, including inmate wages and food, supply and material purchases, and motor vehicle expenses. Approximately \$892,000 was provided to support substance abuse treatment services administered as part of the Public Safety Compact. The department also received nearly \$600,000 to implement a managed access system designed to block the use of illegal cell phones at the Metropolitan Transition Center (MTC) in Baltimore City
- Fiscal 2013 general fund reversions totaled \$8.8 million. Mandated reversions accounted for \$5.3 million of the total reversion. This primarily included approximately \$1.4 million in anticipated allocation fees for DoIT and \$3.2 million from the new Statewide Personnel System. In fiscal 2013, State agencies were assessed a fee for development of the new system. That year, the State spent approximately 48% of this major information technology project's appropriated budget, with the remainder reverted to the general fund. Of the nearly \$3.5 million in nonmandated reversions, approximately \$1.0 million was the result of an Information Technology and Communication Division (ITCD) procurement that did not occur prior to the close of the fiscal year. The department also reverted \$1.9 million because actual inmate medical expenditures were less than anticipated.

Fiscal 2013 special fund expenditures totaled \$141.0 million, reflecting a nearly \$9.4 million decrease from the legislative appropriation.

- Budget amendments increased the appropriation by nearly \$4.4 million. The majority of the increase, approximately \$3.6 million, was for employee COLA; an additional \$76,000 was also provided as part of an annual salary review increase for select MCE employees. The department received \$318,000 in grants to support implementation of its Earned Release Policy and inmate training in the Maryland House of Correction deconstruction. Background checks conducted by the ITCD and training registration for Police and Correctional Training Commissions programs exceeded anticipated attainment in fiscal 2013, requiring an additional appropriation of \$392,000.
- The department cancelled approximately \$13.7 million in anticipated special fund expenditures, largely the result of lower than anticipated revenue from various sources. ENSB cancelled approximately \$7.6 million and an additional \$4.3 million was cancelled by the MCE. Other unexpended funds resulting in the cancellation of funds included the Inmate Welfare Fund CICB fees and the DDMP.

Q00 – DPSCS – Fiscal 2015 Budget Overview

The department's fiscal 2013 federal fund appropriation totaled \$25.9 million, a decrease of more than \$2.6 million from the legislative appropriation.

- Federal funds increased by \$450,000 due to three budget amendments. Approximately \$117,000 was provided for the employee COLA. An additional \$151,000 was provided to the Patuxent Institution to reflect a federal grant to provide services to offenders with chronic mental health issues. The department also received an additional \$182,000 for maintenance projects and security equipment purchases at the Chesapeake Detention Facility (CDF).
- Nearly \$3.1 million in federal fund were cancelled in fiscal 2013. Most notably, the department cancelled funds from CICB (\$1.9 million), CDF (\$250,000), and PCTC (\$234,000), in addition to other minor amounts throughout the department. These funds were cancelled because of lower than anticipated revenue, largely the result of cutbacks in expenditures.

Reimbursable funds increased by nearly \$3.1 million from the legislative appropriation, with actual expenditures totaling \$10.4 million.

- Budget amendments increased the legislative appropriation by \$3.9 million. The department received \$2.2 million in transfers from the Major Information Technology Development Project Fund, including approximately \$1.4 million for the Offender Case Management System and \$850,000 for the implementation of the Central Transportation Unit's portion of the shift to a 700 MHz radio system. An additional \$1.0 million was provided from the Governor's Office of Crime Control and Prevention (GOCCP) to implement a managed access system at the MTC. The remainder of the budget amendments, totaling \$650,000, was funds received from the Maryland State Department of Education for ITCD to provide data support and from GOCCP for a variety of grant programs.
- Reimbursable fund cancellations totaled \$813,000 due to the appropriations within various agencies exceeding actual funds expended, which in turn lowered funding.

Fiscal 2014

Budget amendments increased the legislative appropriation for the department by \$13.2 million in general funds, \$557,000 in special funds, and \$271,000 in federal funds. The increase primarily reflects the realignment of funding for the COLA and employee increments, which had originally been budgeted within DBM. Funds are also received to provide salary increases for parole and probation agents through the Annual Salary Review process. The special fund increase does include \$68,000 for an ongoing grant from the Abell Foundation to support the Maryland House of Correction deconstruction project.