

**V00A**  
**Department of Juvenile Services**

***Operating Budget Data***

(\$ in Thousands)

|                                   | <b><u>FY 14</u></b><br><b><u>Actual</u></b> | <b><u>FY 15</u></b><br><b><u>Working</u></b> | <b><u>FY 16</u></b><br><b><u>Allowance</u></b> | <b><u>FY 15-16</u></b><br><b><u>Change</u></b> | <b><u>% Change</u></b><br><b><u>Prior Year</u></b> |
|-----------------------------------|---|--|--|--|--|
| General Fund                      | \$275,597                                   | \$284,017                                    | \$291,402                                      | \$7,385  | 2.6%   |
| Deficiencies and Reductions       | 0   | -5,882                                       | -12,811  | -6,929   |  |
| <b>Adjusted General Fund</b>      | <b>\$275,597</b>                            | <b>\$278,135</b>                             | <b>\$278,592</b>                               | <b>\$456</b>                                   | <b>0.2%</b>  |
| Special Fund                      | 4,198                                       | 4,966  | 4,906  | -60  | -1.2%  |
| Deficiencies and Reductions       | 0   | 0  | -45  | -45  |  |
| <b>Adjusted Special Fund</b>      | <b>\$4,198</b>                              | <b>\$4,966</b>                               | <b>\$4,861</b>                                 | <b>-\$104</b>                                  | <b>-2.1%</b>                                       |
| Federal Fund                      | 7,939                                       | 7,142  | 7,384  | 242  | 3.4%   |
| Deficiencies and Reductions       | 0   | 0  | -90  | -90  |  |
| <b>Adjusted Federal Fund</b>      | <b>\$7,939</b>                              | <b>\$7,142</b>                               | <b>\$7,294</b>                                 | <b>\$152</b>                                   | <b>2.1%</b>  |
| Reimbursable Fund                 | 106   | 140  | 220  | 80   | 57.3%  |
| <b>Adjusted Reimbursable Fund</b> | <b>\$106</b>                                | <b>\$140</b>                                 | <b>\$220</b>                                   | <b>\$80</b>                                    | <b>57.3%</b>                                       |
| <b>Adjusted Grand Total</b>       | <b>\$287,840</b>                            | <b>\$290,384</b>                             | <b>\$290,968</b>                               | <b>\$584</b>                                   | <b>0.2%</b>  |

Note: The fiscal 2015 working appropriation reflects deficiencies and the Board of Public Works reductions to the extent that they can be identified by program. The fiscal 2016 allowance reflects back of the bill and contingent reductions to the extent that they can be identified by program.

- There is one withdrawn appropriation for the Department of Juvenile Services (DJS), which reduces fiscal 2015 general funds by nearly \$202,000, to implement cost containment reductions achieved by reducing residential provider rates. A 1.5% increase in provider rates was provided in fiscal 2015, effective as of January 1, 2015. This action reduces that increase by half.

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

For further information contact: Rebecca J. Ruff

Phone: (410) 946-5530

*V00A – Department of Juvenile Services*

- The adjusted fiscal 2016 allowance increases by a net \$584,000 over the adjusted fiscal 2015 working appropriation, essentially level funding the department. Personnel expenses increase by a net \$1.3 million, primarily due to support employee health insurance and retirement costs. Overtime funding decreases by \$1.3 million compared to the fiscal 2015 working appropriation. The allowance for overtime is approximately \$1.1 million below fiscal 2014 actual expenditures. Funding for residential per diems declines by \$1.1 million in fiscal 2016; when compared with prior year actual expenditures, however, residential per diem funding actually reflects an increase of \$2.5 million. This may be one area of overfunding in both fiscal 2015 and 2016, given the 17% decline in committed residential placements, particularly among the more expensive out-of-state placements. Funding for evidence-based services and nonresidential placements continues to increase, as DJS makes more of an effort to place committed youth in community-based programs versus removing them from the home.
- Cost containment actions reduce the fiscal 2015 working appropriation by nearly \$5.9 million. This includes the \$202,000 withdrawn appropriation for provider rates but also reflects the department's share of the 2% across-the-board reduction implemented by the Board of Public Works in January 2015.
- Cost containment reductions in fiscal 2016 reduce the allowance by more than \$12.9 million. The 2% across-the-board reduction and the prohibition of provider rate increases above the fiscal 2014 level account for \$5.9 million and \$912,000, respectively. The abolition of the fiscal 2015 2% general salary increase and the loss of fiscal 2016 increments and merit increases account for the remaining \$6.2 million.

***Personnel Data***

|                        | <b><u>FY 14<br/>Actual</u></b> | <b><u>FY 15<br/>Working</u></b> | <b><u>FY 16<br/>Allowance</u></b> | <b><u>FY 15-16<br/>Change</u></b> |
|------------------------|--------------------------------|---------------------------------|-----------------------------------|-----------------------------------|
| Regular Positions      | 2,078.05                       | 2,062.05                        | 2,062.05                          | 0.00                              |
| Contractual FTEs       | <u>160.87</u>                  | <u>141.65</u>                   | <u>143.00</u>                     | <u>1.35</u>                       |
| <b>Total Personnel</b> | <b>2,238.92</b>                | <b>2,203.70</b>                 | <b>2,205.05</b>                   | <b>1.35</b>                       |

***Vacancy Data: Regular Positions***

|   |        |       |
|---|--------|-------|
| Turnover and Necessary Vacancies, Excluding New Positions | 130.53 | 6.33% |
| Positions and Percentage Vacant as of 12/31/14            | 162.75 | 7.89% |

- DJS receives an increase of 1.35 contractual full-time equivalents to provide administrative support within the Division of Departmental Support. This unit is responsible for research evaluation, program development, and training.

- As of December 31, 2014, the department had 32.0 more positions vacant than will be necessary to meet the fiscal 2016 budgeted turnover expectancy. Approximately 14.0 of those positions have been vacant for more than one year.

## *Analysis in Brief*

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### **Major Trends**

**Maryland Juvenile Arrest Data:** Total arrests continued their downward trend in calendar 2013, falling an additional 6.5% to 28,048 arrests. This is the second consecutive year where total juvenile arrests are below 30,000. This reflects a 32.3% decrease over the past five years in both the number of arrests, as well as the arrest rate per 100,000 juveniles ages 10 through 17. Since peaking at more than 50,000 arrests in fiscal 2006, total juvenile arrests have declined by approximately 44.0%. Arrests for violent crimes did increase between calendar 2012 and 2013 by nearly 9.0%.

**DJS Complaint Totals and Complaint Disposition:** Approximately 25,000 complaints were referred to the department in fiscal 2014, reflective of an 8.8% decrease from the previous year. Although the magnitude of the decrease slowed somewhat in fiscal 2014, this is the second consecutive year that DJS has handled fewer than 30,000 complaints in over a decade. Formal caseloads, those where DJS believes that court intervention is required, declined 6.5% and account for slightly more than half of all dispositions. **DJS should comment on what factors are driving the decline in juvenile arrests and referrals to the department since fiscal 2006. The department should specifically comment on what role, if any, it has had in working with community partners and other State and local entities to contribute to this decline, whether the declines are consistent across all jurisdictions, and the extent to which best practices have been identified in certain jurisdictions that might be applied statewide.**

**Placement Trends:** Fiscal 2014 and 2015 year-to-date data reflects a continued drop in overall nonresidential placements consistent with the population declines experienced throughout the department. The overall population of pre-adjudication and pending placement youth has continued to decline. In fiscal 2014, 784 youth were either in an alternative to detention (ATD) program or in a detention facility, a 15% reduction from fiscal 2013. The primary driver of the decrease is the reduction in the number of youth pending placement in a secure detention facility. In fiscal 2014, the average daily pending placement population was 87 youth, a decrease of nearly 21%. Although the utilization of ATD programming appears to be continuing its downward trend, ATDs as a percentage of the pre-adjudication population have actually been increasing. The fiscal 2014 average daily population (ADP) of 896 youth in committed placements reflects a nearly 6% decrease from the previous fiscal year. Preliminary fiscal 2015 data reflects a continued decline of 17%, to an ADP of 748 youth. **The department should comment on how the abolition of 12 vacant case manager positions in fiscal 2015 has impacted current caseloads for each of these nonresidential populations. DJS should comment on whether any changes have been made to policies or practices that may be contributing to the decline in the committed residential population. The department should also**

**discuss whether commitment and placement decisions are consistent across all jurisdictions and whether the significant decrease experienced through the first part of fiscal 2015 is sustainable.**

***Recidivism Rates:*** Overall, there has been little fluctuation in the longer term recidivism (three-year) rates since fiscal 2007. For youth released in fiscal 2011, approximately 76% of juveniles were re-arrested, 47% were re-adjudicated, and 40% were recommitted within three years of release. Within one year of release from a committed program, 51% of youth released in fiscal 2013 were re-arrested within 12 months, and 15% were re-incarcerated. For youth placed on probation in fiscal 2012, 48% of youth were re-arrested, and 12% were incarcerated. **DJS should comment on what has contributed to the decrease in the re-arrest rate for youth released from committed programs and the increase in the incarceration rate among youth placed on probation.**

## **Issues**

***Office of Legislative Audits May 2014 Audit Findings:*** The Office of Legislative Audits released findings from its DJS audit in May 2014. The audit report identified 12 findings, 4 of which were repeat findings unresolved from the prior audit. The audit found that DJS was delinquent in establishing internal controls regarding the authorization of financial transactions and the use of corporate purchasing cards. The audit also disclosed that DJS did not adequately monitor the submission of financial statements from youth care contractors or audit in a timely fashion to avoid overpayments. A detailed list of the findings is provided in **Appendix 2. The Department of Legislative Services recommends the addition of standard budget language restricting funds until DJS identifies and implements the appropriate corrective actions necessary to resolve the identified repeat audit findings.**

## **Recommended Actions**

1. Add budget language requiring action to directly implement the reduction resulting from capping residential provider rate increases at the fiscal 2014 level.
2. Strike contingent language reducing funding for provider rates in order to implement the reduction directly.
3. Add standard language restricting funds pending the resolution of all repeat audit findings.

**V00A**  
**Department of Juvenile Services**

***Operating Budget Analysis***

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**Program Description**

Functionally, the Department of Juvenile Services (DJS) is broken down into two major areas:

- **Leadership Support**, which is essentially headquarters operations that provide guidance and centralized services to the other part of the agency. It consists of two areas:
  - Office of the Secretary; and
  - Departmental Support, which includes such functions as human resources, capital planning, property management, procurement, information technology, professional development and training, and professional responsibility and accountability (for example, audits, professional standards, and quality assurance).
- **Residential, Community, and Regional Operations**, which incorporates the actual delivery of services to youth in community and residential settings. A leadership division provides direction to regional operations and programs that are organized around six regions:
  - Baltimore City;
  - Central (Baltimore, Carroll, Harford, and Howard counties);
  - Western (Allegany, Frederick, Garrett, and Washington counties);
  - Eastern (Caroline, Cecil, Dorchester, Kent, Queen Anne's, Somerset, Talbot, Wicomico, and Worcester counties);
  - Southern (Anne Arundel, Calvert, Charles, and St. Mary's counties); and
  - Metro (Montgomery and Prince George's counties).

The key goals of the department are public safety, juvenile offender accountability, and the development of a level of competency in juvenile offenders to reduce the risk of recidivism.

## Performance Analysis: Managing for Results

### 1. Maryland Juvenile Arrest Data

**Exhibit 1** presents Maryland juvenile arrest data for calendar 2009 through 2013. The data uses distinctions found in the *Uniform Crime Reports*. Part 1 arrests are those for murder, manslaughter, rape, robbery, felonious assault, breaking and entering, larceny theft, motor vehicle theft, and arson. Part 2 arrests are all other arrests, including offenses such as vandalism, drug abuse violations, weapons offenses, and fraud. The exhibit also distinguishes Part 1 arrests between violent and serious property crimes.

**Exhibit 1**  
**Juvenile Arrest Data (Ages 10-17)**  
**Calendar 2009-2013**

|                     | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>%<br/>Change<br/>2009-2013</u> | <u>%<br/>Change<br/>2012-2013</u> |
|---------------------|-------------|-------------|-------------|-------------|-------------|-----------------------------------|-----------------------------------|
| Total Arrests       | 41,425      | 39,642      | 35,219      | 29,987      | 28,048      | -32.3%                            | -6.5%                             |
| Arrest Rate         | 6,892       | 6,377       | 5,733       | 4,922       | 4,639       | -32.7%                            | -5.7%                             |
| Part 1 Arrests      | 14,223      | 12,626      | 11,096      | 9,397       | 8,905       | -37.4%                            | -5.2%                             |
| Part 1 Arrest Rate  | 2,366       | 2,031       | 1,806       | 1,542       | 1,473       | -37.7%                            | -4.5%                             |
| Part 1 Arrests:     |             |             |             |             |             |                                   |                                   |
| a. Violent Crimes   | 3,215       | 2,953       | 2,227       | 1,900       | 2,064       | -35.8%                            | 8.6%                              |
| Violent Crime Rate  | 535         | 475         | 363         | 312         | 341         | -36.3%                            | 9.3%                              |
| b. Property Crimes  | 11,008      | 9,673       | 8,869       | 7,497       | 6,841       | -37.9%                            | -8.8%                             |
| Property Crime Rate | 1,832       | 1,556       | 1,444       | 1,231       | 1,131       | -38.3%                            | -8.1%                             |
| Part 2 Arrests      | 27,202      | 27,016      | 24,123      | 20,590      | 19,143      | -29.6%                            | -7.0%                             |
| Part 2 Arrest Rate  | 4,526       | 4,346       | 3,927       | 3,379       | 3,166       | -30.0%                            | -6.3%                             |

Note: Rates are per 100,000 juveniles ages 10 through 17.

Source: Department of Legislative Services; U.S. Census; *Uniform Crime Reports*

Total arrests continued their downward trend in calendar 2013, falling an additional 6.5% to 28,048 arrests. This is the second consecutive year where total juvenile arrests are below 30,000. This reflects a 32.3% decrease over the past five years in both the number of arrests, as well as the arrest rate per 100,000 juveniles ages 10 through 17. Since peaking at more than 50,000 arrests in fiscal 2006, total juvenile arrests have declined by approximately 44.0%.

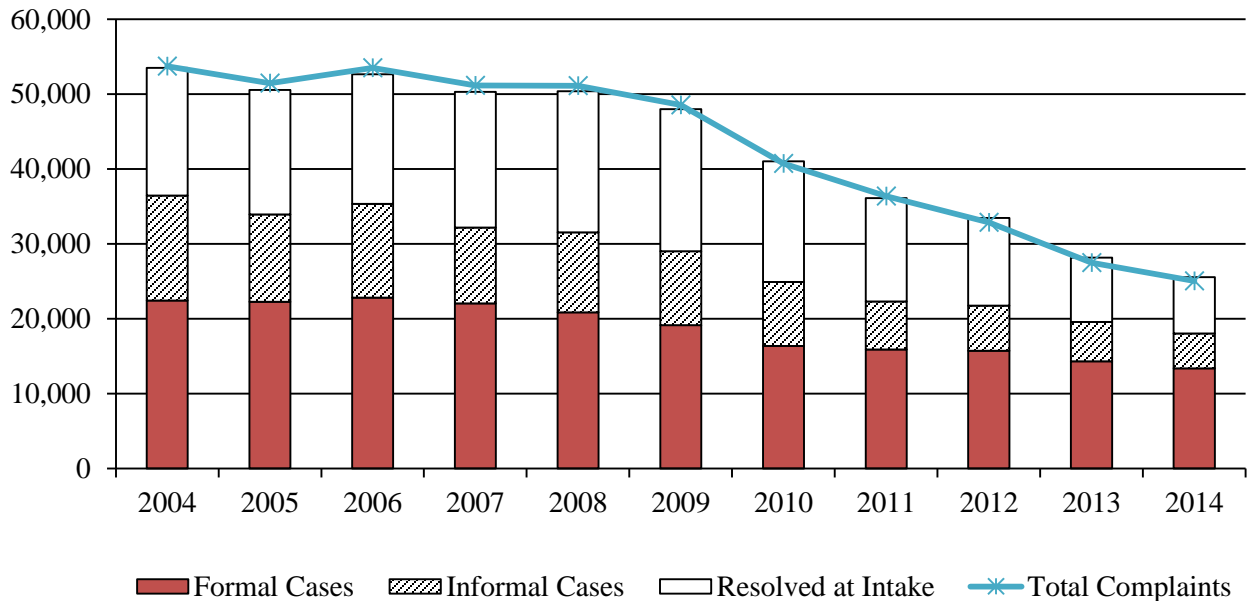
Part I arrests have declined by 37.4% since fiscal 2009, driven by similar decreases in both violent and property crime arrests. In looking at the year-over-year change, the 5.2% reduction in Part I arrests between calendar 2012 and 2013 is solely driven by a nearly 9.0% decrease in property crime arrests. In fact, arrests for violent crimes actually increased by 8.6%. This include arrests for murder, rape, robbery, and felonious assault. Part II arrests also declined by nearly 30.0% between calendar 2009 and 2013. The drop below 20,000 Part II arrests has not been experienced in the State since prior to calendar 1993.

## **2. DJS Complaint Totals and Complaint Disposition**

Mirroring the trends in juvenile arrests, **Exhibit 2** reflects the dramatic decrease in the total number of complaints received by DJS in recent years and the disposition of those cases. As shown in the exhibit:

- Approximately 25,000 complaints were referred to the department in fiscal 2014, reflective of an 8.8% decrease from the previous year. Although the magnitude of the decrease slowed somewhat in fiscal 2014, this is the second consecutive year that DJS has handled fewer than 30,000 complaints in over a decade. Since the most recent peak of approximately 53,500 complaints in fiscal 2006, total complaints have fallen by more than 53.0%.
- Formal caseloads, those where DJS believes that court intervention is required, declined by 926 cases in fiscal 2014. This reflects a 6.5% decrease from the previous year. As a percent of total case dispositions, formal caseloads account for slightly more than half of all dispositions. Coupled with the decrease in juvenile arrests, this suggests that the juvenile justice system as a whole is focusing attention on more serious incidents and doing a better job at identifying youth who are truly in need of involvement from the judicial system.
- All types of complaint dispositions continued to decline in fiscal 2014 as a result of fewer total complaints referred to the department. Cases resolved at intake, which account for approximately 30.0% of all dispositions, dropped by nearly 13.0% between fiscal 2013 and 2014. Those cases that require some form of intervention but do not rise to the level of court intervention (the informal caseload) fell by slightly more than 11.0%. Informal caseloads represent approximately 20.0% of complaint disposition.

**Exhibit 2**  
**Juvenile Complaint and Complaint Disposition**  
**Fiscal 2004-2014**



Note: Total complaints typically vary from the sum of those resolved at intake and the informal and formal caseload. The difference relates to jurisdictional issues or when a decision is not recorded.

Source: Department of Juvenile Services

**DJS should comment on what factors are driving the decline in juvenile arrests and referrals to the department since fiscal 2006. The department should specifically comment on what role, if any, it has had in working with community partners and other State and local entities to contribute to this decline, whether the declines are consistent across all jurisdictions, and the extent to which best practices have been identified in certain jurisdictions that might be applied statewide.**

### **3. Placement Trends**

#### **Nonresidential Placement Trends**

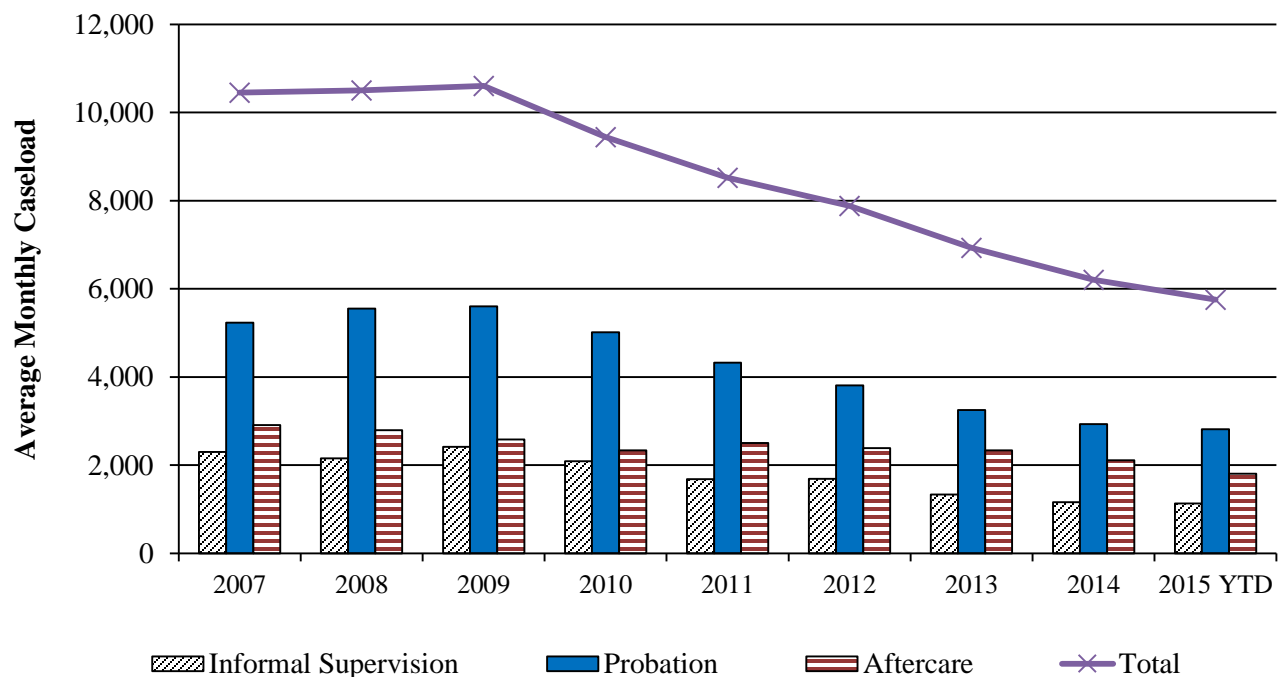
The nonresidential placement population includes youth who are receiving informal supervision, are on probation, or are in aftercare programming. Informal (or pre-court) supervision is an agreement between DJS and a youth and family to enter into counseling and/or DJS monitoring without court involvement. Youth on probation are receiving court-ordered supervision in the



community that requires the youth to meet court-ordered probation conditions, which may include school attendance, employment, community service, restitution, counseling, *etc.* Aftercare programming provides supervision and individualized treatment services to youth in the community following discharge from a residential program.

As shown in **Exhibit 3**, fiscal 2014 and 2015 year-to-date data reflects a continued drop in overall nonresidential placements consistent with the population declines experienced throughout the department. Since the most recent peak in fiscal 2009, the average monthly caseload for nonresidential placements has fallen by nearly 4,400 cases, or 41%, with the most notable decline occurring among the probation and informal supervision populations. These caseloads historically account for approximately 50% and 20% of the total nonresidential population, respectively. Between fiscal 2009 and 2014, probation caseloads fell by approximately 48%, and informal supervision cases decreased by 50%. Aftercare caseloads account for approximately 30% of the nonresidential caseloads each year. In the past six fiscal years, the average monthly caseload for aftercare cases fell by approximately 18%.

**Exhibit 3**  
**Nonresidential Caseload Trends**  
**Fiscal 2007-2015 Year-to-date**



Note: Fiscal 2015 data is through December 2014. Aftercare caseloads include youth in residential and community-based programs.

Source: Department of Juvenile Services

The year-over-year change from fiscal 2013 to 2014 reflects a 10% decline in the average monthly caseload for all nonresidential placements, with the informal supervision caseloads decreasing most significantly (13.0%). Data from the first six months of fiscal 2015 shows a continuing decline of 7.3% for all three populations. The fiscal 2015 year-to-date average monthly caseloads for youth receiving informal supervision or probation are approximately 1,131 and 2,815 cases, respectively. Both of these populations decline by less than 5.0% when compared to the average monthly caseloads for their respective populations in fiscal 2014. The average monthly aftercare caseload through the first six months of fiscal 2015 is approximately 1,807 cases, which reflects a 14.5% decline from fiscal 2014.

DJS lost 12 vacant case manager positions through cost containment actions adopted by the Board of Public Works (BPW) in July 2014. **The department should comment on how the current caseloads for each of these nonresidential populations compare to staffing ratios and workload for community supervision and case management staff.**

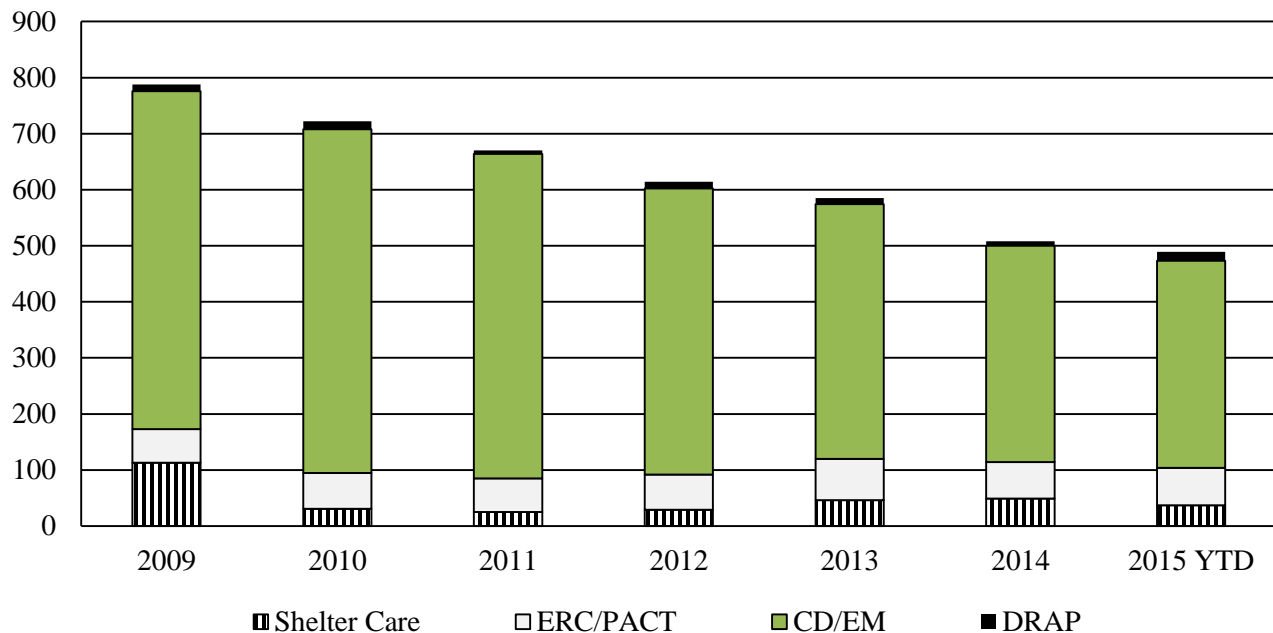
### **Pre-adjudication/Pending Placement Trends**

Youth who are in either pre-adjudication or pending placement status include those youth who receive services in the community as an alternative to detention (ATD), are awaiting adjudication in secure detention, or those who are pending placement in a secure detention facility (youth who have been adjudicated delinquent and are held in secure detention pending a permanent committed placement).

ATD programming primarily includes shelter care, day and evening reporting center participation, and community detention/electronic monitoring. DJS also partners with private providers in Baltimore City to utilize additional alternative programs, such as the Pre-adjudication Coordination and Transition Center and the Detention Reduction Advocacy Program. **Exhibit 4** shows population trends by type of ATD since fiscal 2009.

- The use of ATDs peaked in fiscal 2009 with an average daily population (ADP) of 785 youth participating in an ATD program. Since fiscal 2009, the use of ATDs has been steadily declining. Between fiscal 2009 and 2014, the population of youth in ATD programming decreased by 35%, to an ADP of 508 youth. Fiscal 2015 year-to-date data indicates that the downward trend will continue, with only 489 youth participating in ATD programming in the first six months of the fiscal year. Approximately 75% of youth who participate in alternatives to detention were on community detention/electronic monitoring in fiscal 2014. This reflects a decline from previous years, as DJS has increased the use of evening reporting centers and shelter care.
- As a percentage of the total population of youth either in an ATD program or in secure detention (pre-adjudication and pending placement), the ATD population accounted for 65% of the total population in fiscal 2014. Preliminary data from fiscal 2015 indicates that this population will continue to increase as a percentage of the overall population. This suggests that although the ADP for youth in ATD programs has been declining, it is more likely the result of the overall decrease in youth involved in the juvenile justice system, as opposed to a departmental shift away from the use of ATD programs.

**Exhibit 4**  
**Alternative to Detention Programming**  
**By Type of Program**  
**Fiscal 2009-2015 Year-to-date**



CD/EM: Community Detention/Electronic Monitoring  
 DRAP: Detention Reduction Advocacy Program  
 ERC: Evening Reporting Center  
 PACT: Pre-adjudication Coordination and Transition Center

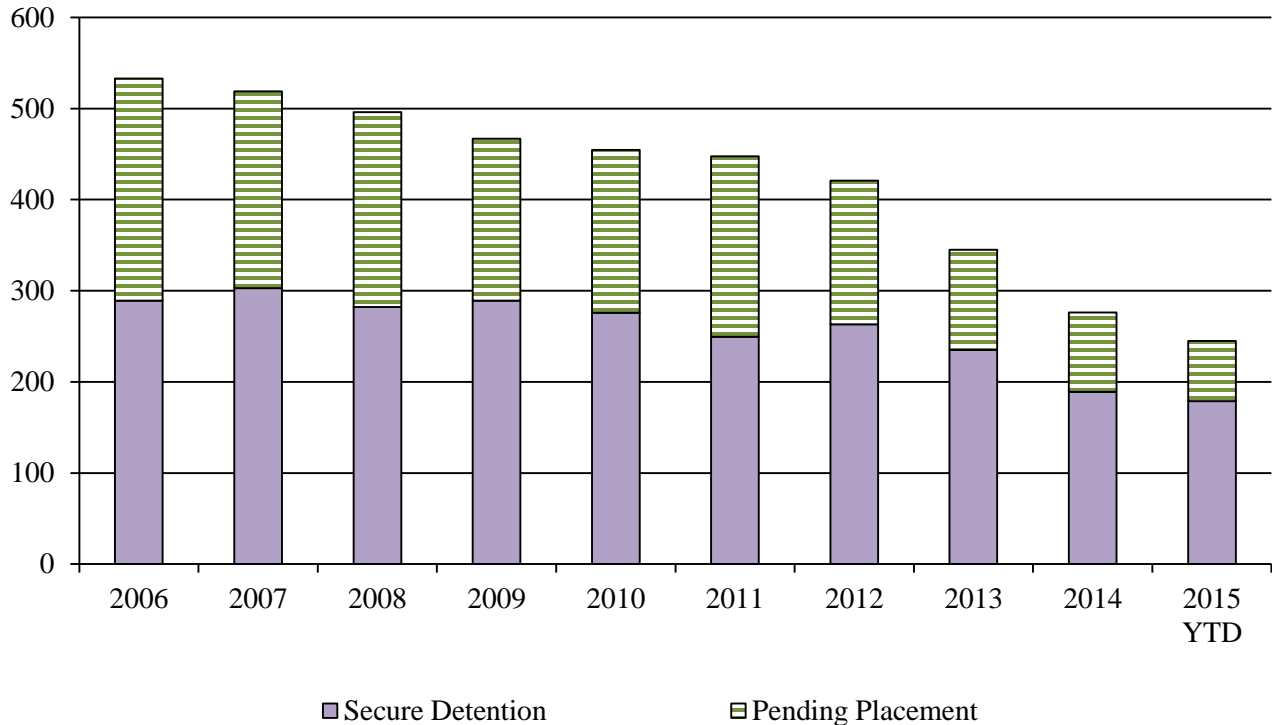
Note: Fiscal 2015 data is through December 2014.

Source: Department of Juvenile Services

**Exhibit 5** shows the population trends for youth held in secure detention or pending placement in DJS detention facilities since fiscal 2006. As seen in the exhibit:

- The overall population of youth in DJS detention facilities has declined significantly since fiscal 2006. In fiscal 2014, an ADP of 276 youth were held in a detention facility either awaiting adjudication or placement in a committed program. This reflects a decrease of 69 youth, or 20%, from the previous fiscal year. Data through the first six months of fiscal 2015 suggests that the decline will continue. The ADP for fiscal 2015 year-to-date is at a historic low of 245 youth. Reductions in the pending placement population have accounted for the majority of the decrease.

**Exhibit 5**  
**Average Daily Population of Youth in DJS Detention Facilities**  
**Fiscal 2006-2015 Year-to-date**



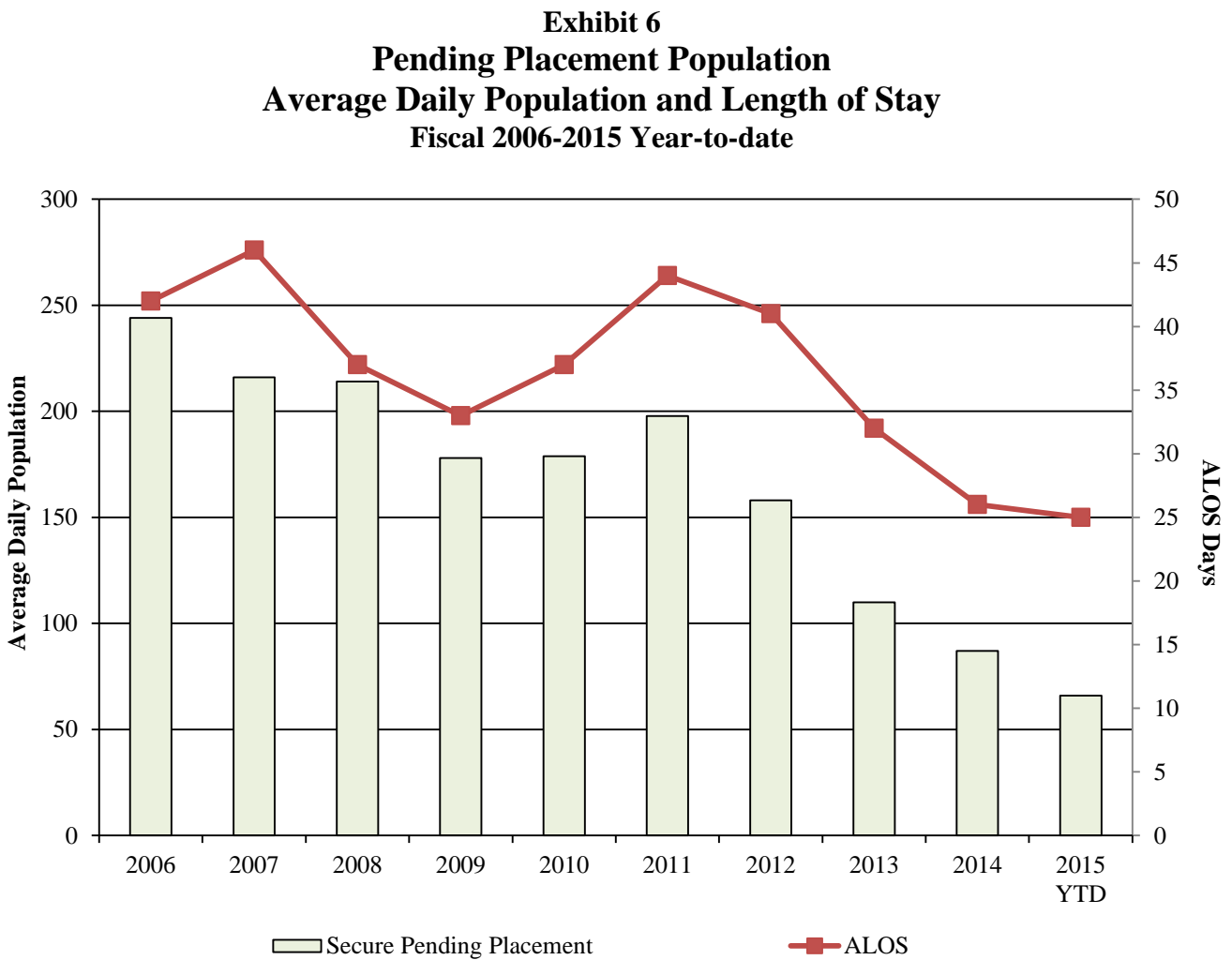
DJS: Department of Juvenile Services

Note: Fiscal 2015 data is through December 2014.

Source: Department of Juvenile Services

- The ADP of pre-adjudicated youth held in secure detention fell below 200 for the first time in more than a decade in fiscal 2014, and that trend has continued through the first six months of fiscal 2015. Between fiscal 2013 and 2014, the secure detention population declined by nearly 20%. Fiscal 2015 year-to-date data shows a continued decrease of approximately 5% when compared with fiscal 2014 ADP of 189 youth.
- In fiscal 2014, the pending placement population accounted for 32% of the total population of youth in a DJS facility. This is a 12 percentage point decline since fiscal 2011, when pending placement youth accounted for 44% of the total population. The fiscal 2014 pending placement ADP was 87 youth, marking the first time that the pending placement population fell below 100 youth in more than a decade. This reflects a 21% reduction from the previous fiscal year. Data from the first six months of fiscal 2015 shows the pending placement population continuing to decline by nearly 25% to an ADP of 66 youth.

- As shown in **Exhibit 6**, changes in the secure pending placement population are closely linked with trends in the average length of stay (ALOS). Between fiscal 2009 and 2011, when the ALOS for pending placement youth increased by 33%, the ADP increased by 11%. At that time, an ADP of 198 youth were held in detention facilities pending placement for an average of 44 days. Since fiscal 2011, the ALOS for pending placement youth declined by 41%, and the population declined by 56%. In fiscal 2014, an ADP of 87 youth were held pending placement for an average of 26 days. This trend appears to continue in fiscal 2015, with preliminary data indicating an ALOS below 30 days for the second consecutive year.



ALOS: average length of stay

Note: Fiscal 2015 data is through December 2014.

Source: Department of Juvenile Services

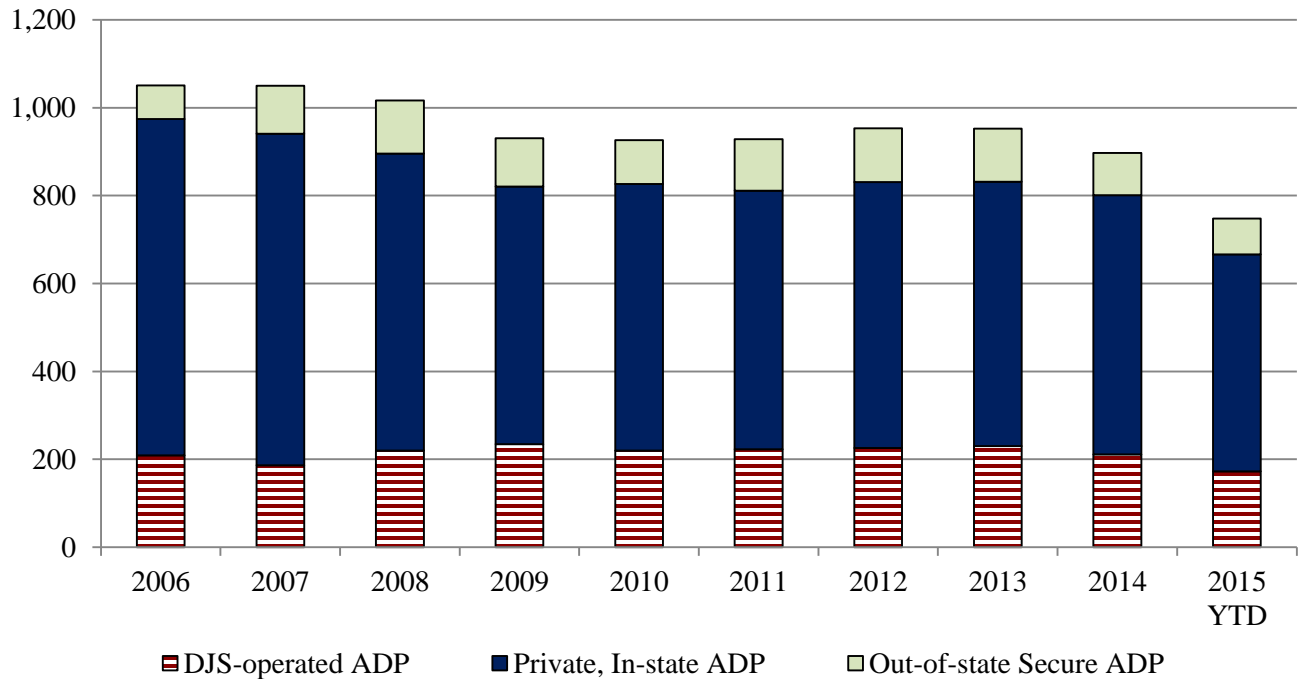
- The significant decline in the pending placement population in recent years is largely attributed to legislation enacted by the General Assembly during the 2012 session. Chapter 198 of 2012 established provisions authorizing DJS to transfer youth between committed placements without court intervention. Prior to Chapter 198, if DJS believed that a facility with higher security than what was initially designated by the court was necessary, a juvenile had to be kept in detention until another court hearing could be scheduled to have the type of placement modified. During that time, the juvenile was not receiving the specific treatment services that may be required for rehabilitation. The enacted legislation was scheduled to sunset at the end of fiscal 2015; however, legislation passed during the 2014 session extended the sunset for an additional two years.

### **Committed Residential Population Trends**

DJS has established three levels of residential program placements based largely on the level of program restrictiveness. Level I includes all programs where youth reside in a community setting and attend community schools. Level II includes programs where education programming is provided on-grounds, and youth movement and freedom is restricted primarily by staff monitoring or supervision. Level III programs provide the highest level of security by augmenting staff supervision with physical attributes of the facility, *e.g.*, locks, bars, and fences. State-run committed residential facilities do not provide adequate capacity to accommodate the number of youth requiring out-of-home placements, nor do they provide the full complement of programming required to address the variety of treatment needs for the committed population. As such, DJS also contracts with private in-state as well as out-of-state vendors to provide services to committed youth.

**Exhibit 7** illustrates the ADP of youth in all types of committed residential programs. The fiscal 2014 out-of-home committed population declined for the first time in the past three fiscal years. The population rose slightly between fiscal 2011 and 2013 (3%), as the department increased its efforts to move youth into committed residential programs more quickly. Fiscal 2014 data reflects a 6% decline to an ADP of 896 youth. Data through the first six months of fiscal 2015 shows a significant decline of nearly 17% to an ADP of 748 youth.

**Exhibit 7**  
**Committed Residential Population**  
**Fiscal 2006-2015 Year-to-date**



ADP: average daily population

Note: Fiscal 2015 data is through December 2014.

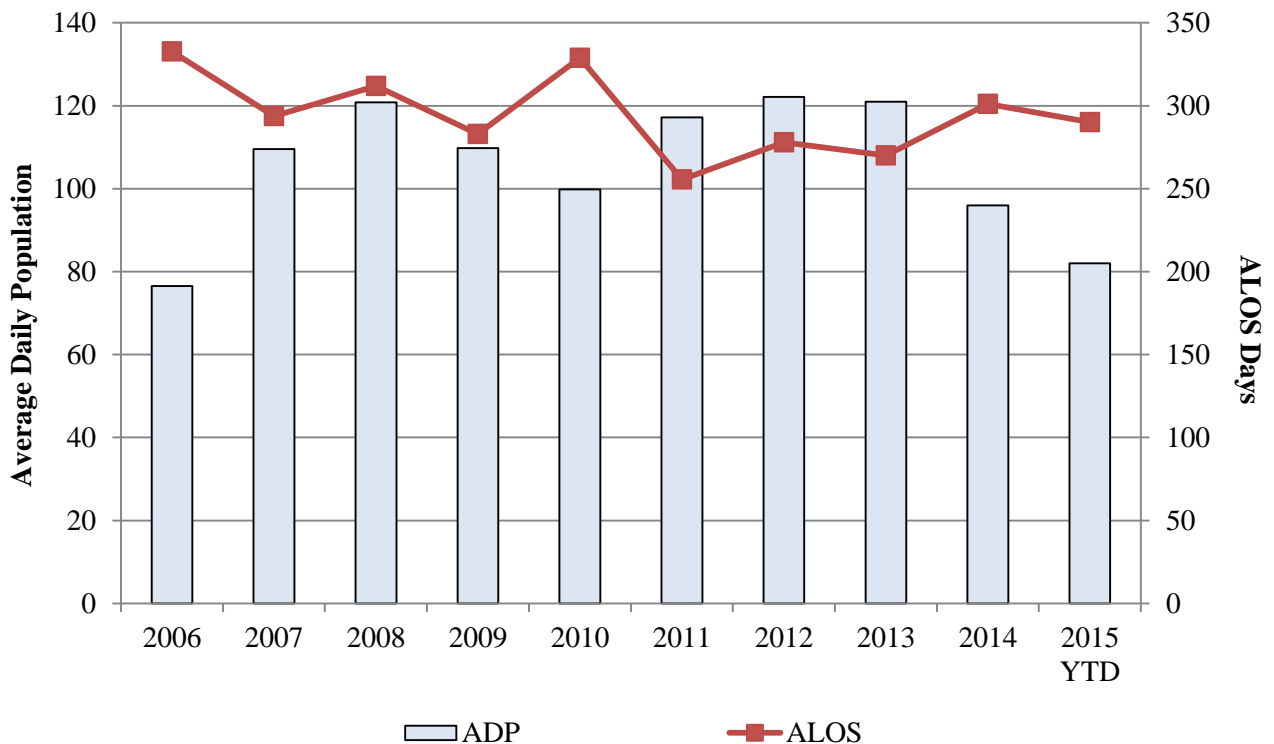
Source: Department of Juvenile Services

Of all youth in committed residential placements, slightly less than 90% remain in-state. The number of youth committed to out-of-state residential programs had been increasing over the past decade from approximately 7% to nearly 13% of the total committed population. With the fiscal 2014 expansion of the Silver Oak Academy, located in Carroll County, from 48 to 96 beds, the number of youth able to be placed at an in-state staff-secure facility increased significantly. As such, the percent of youth placed in out-of-state commitments represents less than 11% of the total committed population. This expansion has also contributed to the reduction in the pending placement population.

Nearly three-quarters of youth committed to in-state residential placements are placed in private per diem facilities (a mix of foster care, group homes, substance abuse, and mental health treatment programs, residential treatment centers, and staff secure facilities). This has been consistent for the past decade, as the department has not made any additions to its residential capacity, despite capital funding for residential facilities being included in the State *Capital Improvement Program*. In fiscal 2014, an average of 801 youth was committed to an in-state residential placement, with 590 of those youth placed in privately operated programs.

The overall decline in all facets of DJS’ population and the increased in-state capacity also has a demonstrated impact on the number of out-of-state placements, as shown in **Exhibit 8**. The department was successful in reducing out-of-state placements in fiscal 2009 and 2010, experiencing a decline of 17% in the out-of-state population. Between fiscal 2010 and 2013, the population of youth placed out of state increased 21%, as DJS increased efforts to reduce the pending placement population by placing youth in any appropriate committed program to begin treatment, regardless of the location. In fiscal 2014, the out-of-state population decreases to 96 youth. This 21% reduction reflects a decrease in ADP of 25 youth. Preliminary data from fiscal 2015 shows a continued decline to an out-of-state ADP of 82 youth. This is likely the result of more available in-state capacity due to the population declines experienced across all aspects of the juvenile justice system.

**Exhibit 8**  
**Out-of-state Committed Residential Population**  
**Average Daily Population and Length of Stay**  
**Fiscal 2006-2015 Year-to-date**



ADP: average daily population  
 ALOS: average length of stay

Note: Fiscal 2015 data is through December 2014.

Source: Department of Juvenile Services



**DJS should comment on whether any changes have been made to policies or practices that may be contributing to the decline in the committed residential population. The department should also discuss whether commitment and placement decisions are consistent across all jurisdictions and whether the significant decrease experienced through the first part of fiscal 2015 is sustainable.**

The Juvenile Justice Monitoring Unit (JJMU), within the Office of the Attorney General, has expressed ongoing concern in its quarterly reports that the use of residential committed treatment is being overutilized by DJS and the juvenile court system with ineffective results. The assertions of the JJMU are that the majority of delinquent youth in need of treatment services would be best served in a community-based setting without long-term removal from the youth's home. Thus, State investments in services should be dedicated to community-based treatment instead of the construction of additional State-run residential facilities. These concerns have been echoed by the juvenile justice advocacy community.

To date, DJS has invested considerable time and resources into analyzing the use of community-based programs for pre-adjudicated youth versus the use of secure detention. A report on the availability of existing ATD programs and how those services meet the needs of the department's pre-adjudication population is due to the General Assembly on March 15, 2015. It is not clear to what extent DJS has begun to examine the potential for increasing the use of community-based programs for adjudicated youth in lieu of committed residential treatment.

**DJS should discuss any research completed to date that analyzes whether the use of residential committed treatment is overutilized in Maryland and whether investments in community-based programs should be increased, particularly at the expense of constructing additional committed treatment facilities.**

#### **4. Recidivism Rates**

**Exhibit 9** presents recidivism rates for youth released from residential placements within two and three years. Recidivism is only one measure of the impact of a residential placement on a youth; however, it is a widely used measure. Recidivism includes returns to both the juvenile and adult criminal justice system and represents the fuller picture of recidivism for those older youth who age out of the juvenile justice system. Data reflects the most serious subsequent penetration of the juvenile or criminal system by a youth.

**Exhibit 9**  
**Recidivism Rates to the Juvenile Justice and Criminal Justice System for Youth Released from Residential Placements within Two and Three Years of Release**  
**Fiscal 2008-2012 (%)**

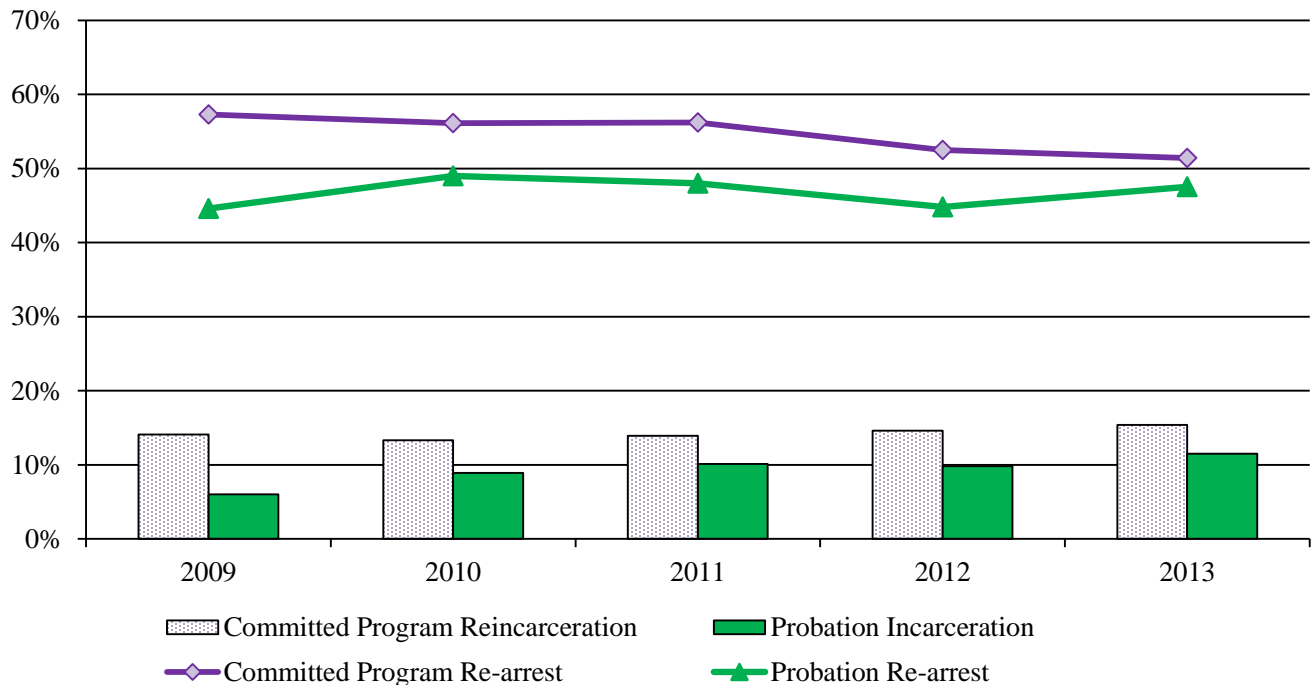
|                            | 2008                     |                          | 2009                     |                          | 2010                     |                          | 2011                     |                          | 2012                     |                          |
|----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                            | <u>2</u><br><u>Years</u> | <u>3</u><br><u>Years</u> | <u>2</u><br><u>Years</u> | <u>3</u><br><u>Years</u> | <u>2</u><br><u>Years</u> | <u>3</u><br><u>Years</u> | <u>2</u><br><u>Years</u> | <u>3</u><br><u>Years</u> | <u>2</u><br><u>Years</u> | <u>3</u><br><u>Years</u> |
| Re-arrest Juvenile/Adult   | 70                       | 74                       | 70                       | 76                       | 69                       | 74                       | 70                       | 76                       | 68                       |                          |
| Re-adjudication/Conviction | 37                       | 47                       | 35                       | 46                       | 35                       | 46                       | 36                       | 47                       | 35                       |                          |
| Recommitment/Incarceration | 30                       | 41                       | 28                       | 39                       | 28                       | 39                       | 30                       | 40                       | 28                       |                          |

Source: Department of Juvenile Services; Department of Legislative Services

Overall, there has been little fluctuation in the longer term recidivism (three-year) rates since fiscal 2008. For youth released in fiscal 2011, approximately 76% of juveniles were re-arrested, 47% were re-adjudicated, and 40% were recommitted within three years of release. This does reflect a slight increase in all three categories when compared to the 2010 cohort. Two-year recidivism trends tell a similar story. Youth released in fiscal 2012 had slightly improved two-year re-arrest and recommitment rates than youth released the prior year; the rate of reconviction remained the same. In general, approximately 70% of youth are re-arrested within two years of release, 35% are reconvicted, and 28% are recommitted.

**Exhibit 10** illustrates the percentage of youth who are re-arrested or incarcerated within 12 months of being released from a committed residential program or receiving services in the community via probation or a committed community placement. Recidivism for the “probation” cohort is measured from the disposition date, as opposed to the release date for youth in committed residential placements. In addition, since youth on probation or in a community placement were not previously placed in a committed out-of-home program, the “incarceration” rate reflects the first commitment to an out-of-home placement or incarceration in the adult system. Youth released from committed residential programs are re-arrested and re-incarcerated at a higher rate than youth under supervision in the community. For youth released in fiscal 2013, 51% of youth released from a committed residential placement were re-arrested within 12 months of release versus 48% of youth placed on probation. Similarly, the one-year re-incarceration rate for committed youth was 15% compared to 12% for probationers. Lower recidivism rates for youth on probation should be expected, as these youth often have less history of DJJ involvement and are lower risk offenders.

**Exhibit 10**  
**One-year Recidivism Rate for Committed Program Releases and**  
**Probation Placements**  
**Fiscal 2009-2013**



Source: Department of Juvenile Services, Fiscal 2013-2014 Data Resource Guides

In comparing year-to-year changes, the re-arrest rate for youth released from committed programs has experienced a noticeable decline over the past five years, falling from 57% to 51% of the population being re-arrested within 12 months of release. Also notable is the increase in the rate of youth on probation who have their probation revoked and are incarcerated within 12 months of being placed on probation. Only 6% of youth placed on probation in fiscal 2009 were incarcerated within 12 months of placement. In comparison, 12% of the probation population was incarcerated within one year of placement in fiscal 2013.

**DJS should comment on what has contributed to the decrease in the re-arrest rate for youth released from committed programs and the increase in the incarceration rate among youth placed on probation.**

## Fiscal 2015 Actions

As seen in **Exhibit 11**, fiscal 2015 cost containment actions equate to \$9.8 million in reduction for DJS, when compared to the fiscal 2015 legislative appropriation.

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### Exhibit 11 Fiscal 2015 Reconciliation (\$ in Thousands)

| <u>Action</u>   | <u>Description</u>                | <u>General Fund</u> | <u>Special Fund</u> | <u>Federal Fund</u> | <u>Reimb. Fund</u> | <u>Total</u>     |
|---|-----------------------------------|---------------------|---------------------|---------------------|--------------------|------------------|
| <b>Legislative Appropriation with Budget Amendments</b> |                                   | <b>\$287,967</b>    | <b>\$4,966</b>      | <b>\$7,142</b>      | <b>\$140</b>       | <b>\$300,215</b> |
| July BPW  |                                   | -3,950              | 0                   | 0                   | 0                  | -3,950           |
| <b>Working Appropriation</b>                            |                                   | <b>\$284,017</b>    | <b>\$4,966</b>      | <b>\$7,142</b>      | <b>\$140</b>       | <b>\$296,265</b> |
| January BPW<br>Across the Board                         | 2% across-the-board<br>reduction. | -5,680              | 0                   | 0                   | 0                  | -5,680           |
| Deficiency Appropriations                               |                                   | -202                | 0                   | 0                   | 0                  | -202             |
| <b>Total Actions Since January 2015</b>                 |                                   | <b>-\$5,882</b>     | <b>\$0</b>          | <b>\$0</b>          | <b>\$0</b>         | <b>-\$5,882</b>  |
| <b>Adjusted Working Appropriation</b>                   |                                   | <b>\$278,135</b>    | <b>\$4,966</b>      | <b>\$7,142</b>      | <b>\$140</b>       | <b>\$290,384</b> |

BPW: Board of Public Works

Source: Department of Legislative Services

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## Proposed Deficiency

The fiscal 2016 allowance includes one withdrawn appropriation for the department totaling \$201,666. This reflects a reduction in funding for residential provider rate increases. A 1.5% increase was provided in fiscal 2015 for residential providers, effective as of January 1, 2015. This cost containment action reduces the partial year increase by half, essentially providing residential providers with a 0.25% rate increase in fiscal 2015.

## Cost Containment

Cost containment actions adopted by BPW in July 2014 reduced funding within the department by approximately \$4.0 million. This included a \$1.8 million reduction to residential per diems, a \$735,300 decrease in nonresidential contractual services, \$34,701 as part of a statewide reduction for an automated timekeeping system that was replaced by the new State Personnel Information Technology System, and a \$480,000 reduction in agency operating costs associated with population declines. Twelve vacant case management positions were also abolished for a reduction of \$900,000.

Additional actions implemented by BPW in January 2015 further reduced the appropriation by nearly \$5.7 million. This reflects the department's share of the 2% across-the-board reduction to agency operating expenses.

## Proposed Budget

As seen in **Exhibit 12**, the Governor's fiscal 2016 allowance increases by approximately \$584,000 when compared to the fiscal 2015 working appropriation.

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**Exhibit 12**  
**Proposed Budget**  
**Department of Juvenile Services**  
**(\$ in Thousands)**

| <b>How Much It Grows:</b>         | <b><u>General Fund</u></b> | <b><u>Special Fund</u></b> | <b><u>Federal Fund</u></b> | <b><u>Reimb. Fund</u></b> | <b><u>Total</u></b> |
|-----------------------------------|----------------------------|----------------------------|----------------------------|---------------------------|---------------------|
| Fiscal 2014 Actual                | \$275,597                  | \$4,198                    | \$7,939                    | \$106                     | \$287,840           |
| Fiscal 2015 Working Appropriation | 278,135                    | 4,966                      | 7,142                      | 140                       | 290,384             |
| Fiscal 2016 Allowance             | <u>278,592</u>             | <u>4,861</u>               | <u>7,294</u>               | <u>220</u>                | <u>290,968</u>      |
| Fiscal 2015-2016 Amt. Change      | \$456                      | -\$104                     | \$152                      | \$80                      | \$584               |
| Fiscal 2015-2016 Percent Change   | 0.2%                       | -2.1%                      | 2.1%                       | 57.3%                     | 0.2%                |

### Where It Goes:

#### Personnel Expenses

|  |         |
|--|---------|
| Increments and other compensation (prior to cost containment) .....  | \$3,061 |
| Section 20: abolition of prior year 2% general salary increase ..... | -2,392  |
| Section 21: abolition of employee increments .....                   | -3,760  |
| Overtime.....  | -1,308  |
| Employee and retiree health insurance.....                           | 4,073   |
| Employee retirement system .....                                     | 1,871   |
| Workers' compensation premium assessment.....                        | 402     |
| Turnover adjustments .....   | -721    |
| Other fringe benefit adjustments .....                               | 85      |

*V00A – Department of Juvenile Services*

**Where It Goes:**

**Programmatic Changes**

|                                      |        |
|--------------------------------------|--------|
| Residential per diems .....          | -1,130 |
| Contractual evaluation services..... | -510   |
| Behavioral Health.....               | -259   |
| Nonresidential programs .....        | 223    |
| Evidence-based services.....         | 321    |

**Other Changes**

|   |      |
|---|------|
| Medical care .....  | 540  |
| Contractual employment (increase of 1.35 FTEs).....                       | 399  |
| Increase in collection of LEA reimbursements for education services ..... | 489  |
| New statewide budget system .....   | 268  |
| Food supply purchases based on population decline.....                    | -102 |
| Travel .....  | -74  |

**Cost Containment**

|  |      |
|--|------|
| Net impact of reducing provider rates to fiscal 2014 level ..... | -710 |
| Section 19: Net impact from 2% across-the-board reduction .....  | -202 |
| Other.....   | 20   |

**Total** **\$584**

FTE: full-time equivalent

LEA: local education agency

Note: Numbers may not sum to total due to rounding. The fiscal 2015 working appropriation reflects deficiencies and the Board of Public Works reductions to the extent that they can be identified by program. The fiscal 2016 allowance reflects back of the bill and contingent reductions to the extent that they can be identified by program.

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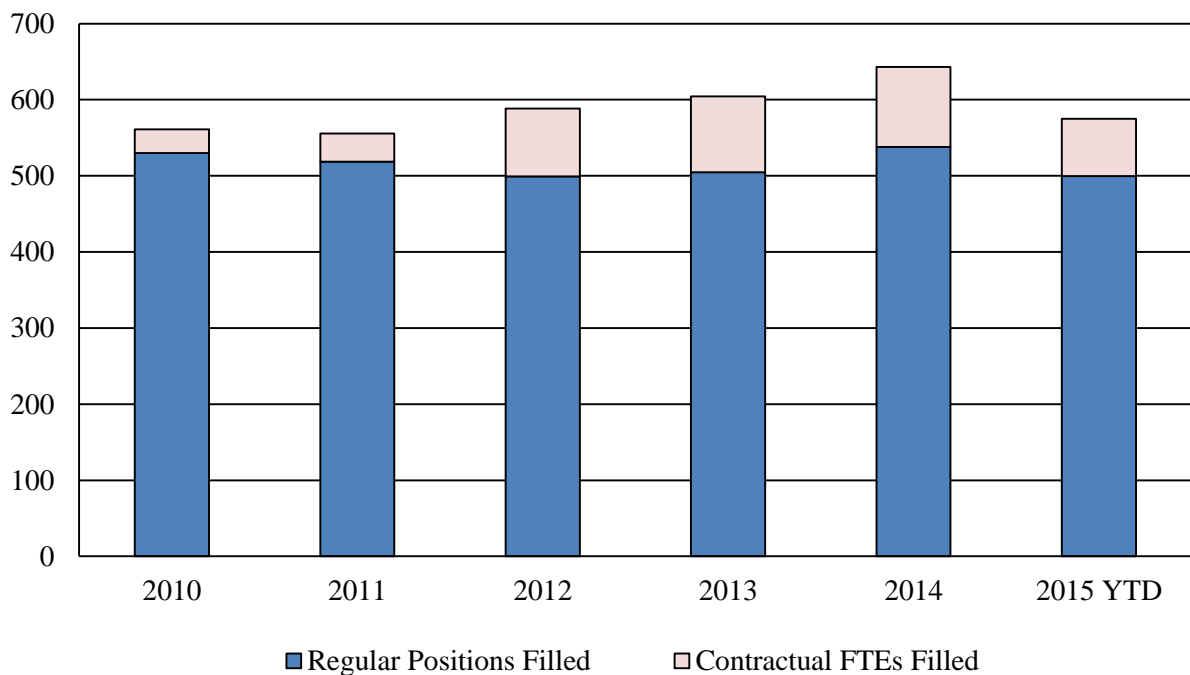
**Personnel**

Personnel expenses increase by a net \$1.3 million. The majority of the increase is attributable to employee and retiree health insurance and retirement costs. Employee salaries increase by nearly \$3.1 million to reflect annualization of the fiscal 2015 partial year cost-of-living increase and the Annual Salary Review increase for direct care workers. This increase is offset by approximately \$6.2 million in back of the bill reductions to reduce employee salaries by 2% and to eliminate fiscal 2016 increments.

Employee overtime expenses decline by approximately \$1.3 million in the fiscal 2016 allowance to \$8.9 million. This also reflects a decrease of nearly \$1.0 million compared to fiscal 2014 actual expenditures. This is an area of habitual underfunding for the department. The decrease in the fiscal 2016 allowance would suggest that overtime is again an area for a potential deficiency; however, DJS states that the declining population combined with improved hiring and retention should offset any need for additional overtime expenditures.

**Exhibit 13** shows the increase in filled facility direct care staff positions since fiscal 2010. Fiscal 2015 year-to-date data is reflective through the first six months of the fiscal year and is not necessarily indicative of a permanent decrease in staffing. Between fiscal 2011 and 2014, the number of filled facility direct care positions increased by more than 15%. This is in part due to a number of initiatives implemented by the department over the years to enhance training, improve employee morale, and expedite the hiring process. Significant benefit has been observed from the department's practice of hiring through the contractual payroll process as a means of orienting employees with the facility environment and providing staff and management a probationary period of employment before transferring to a regular position. According to a response to committee narrative in the 2014 *Joint Chairmen's Report* on the potential for creating a centralized hiring unit to further improve the hiring process, DJS has determined that would not be a viable option given its current structure and the additional staff resources that would be required. However, the report did note that through the use of open and continuous recruitment, increased testing, and the use of centralized hiring events, the approximate hiring time for filling a direct care position has been reduced from 13 to 9 weeks.

**Exhibit 13**  
**Filled Facility Direct Care Positions**  
**Fiscal 2010-2015 Year-to-date**



FTE: full-time equivalent

Source: Department of Juvenile Services

## **Programmatic Changes**

In total, fiscal 2016 funding for residential and community-based programs is essentially level funded with fiscal 2015. The allowance reflects a net decrease of \$1.4 million. General fund spending decreases by a net 2%, or \$1.2 million, to \$77.4 million when compared with fiscal 2015. The special fund allowance for residential programs reflects a decrease of approximately 20%, or \$455,000, despite an overall increase in the estimated revenues available from local education agency (LEA) reimbursements. Federal fund revenues available from Medicaid and Title IV-E funding increase by nearly \$260,000.

### **Residential Per Diems**

**Exhibit 14** provides funding and population detail for residential per diem placements since fiscal 2009. The fiscal 2015 working appropriation is approximately \$60.7 million, which reflects an increase of nearly \$3.7 million above fiscal 2014 actual expenditures. This is after taking into account the \$1.8 million cost containment reduction adopted in July 2014 by BPW. The committed residential ADP declines approximately 16% between fiscal 2014 and 2015 year-to-date, meaning that even with the BPW reduction, residential per diems are likely overfunded in the current fiscal year. This is one potential area for the department to implement its 2% across-the-board reduction.

The fiscal 2016 allowance for residential per diems decreases by approximately \$1.1 million from the fiscal 2015 working appropriation. To the extent that the committed residential ADP remains consistent with the first six months of fiscal 2015, it is likely that the fiscal 2016 allowance for residential per diems could also be overfunded. Seeing as the department also has a 2% across-the-board reduction to implement in fiscal 2016, this could again be a potential area for implementing that reduction.

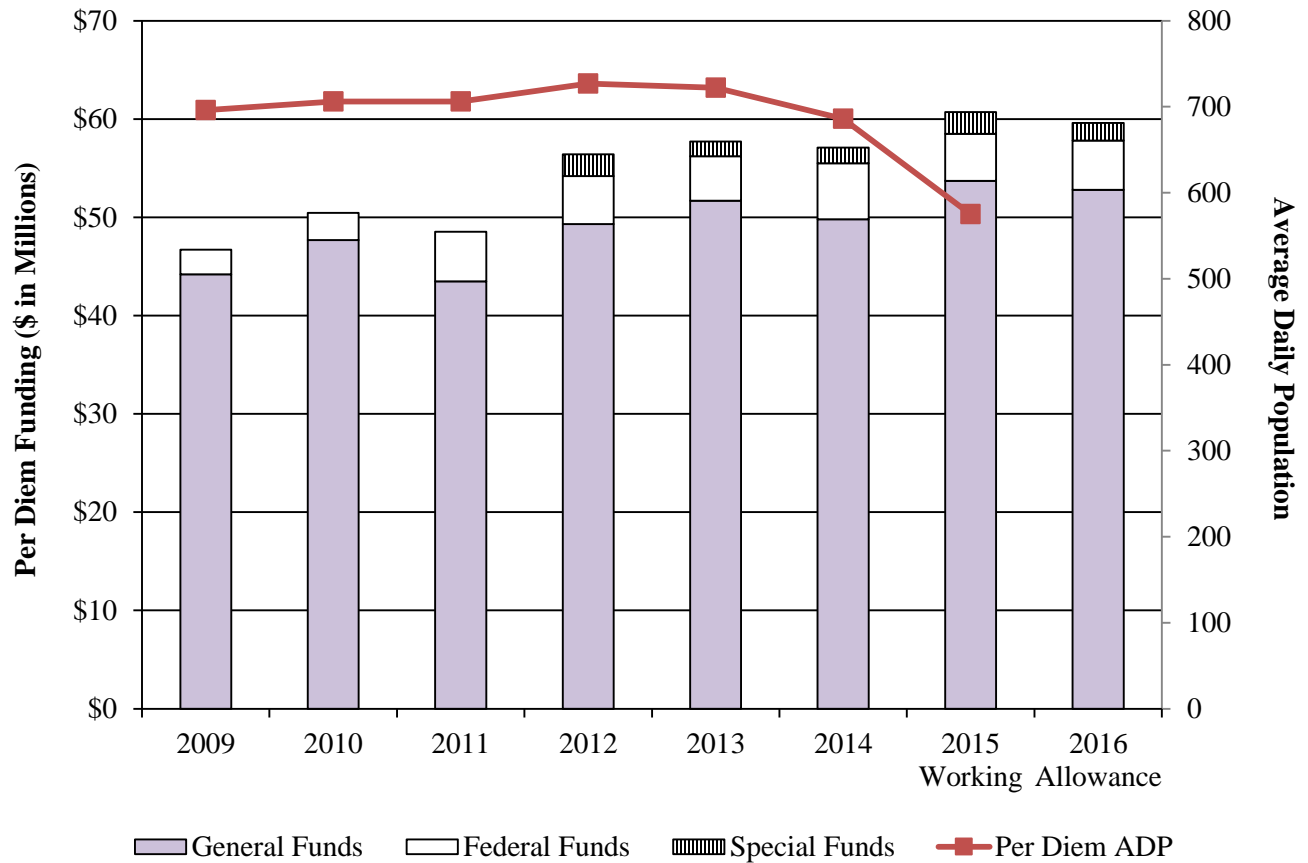
### **Community-based Programs**

Funding for community-based programs increases by approximately \$544,000 in fiscal 2016. This includes an additional \$223,000 for nonresidential programs and \$321,000 for evidence-based treatment slots. DJS is making more of an effort to place committed youth in appropriate community-based programs versus removing them from the home, consistent with recommendations from JJMU and the advocacy community. The department has indicated that funding for community-based programs will not be impacted by fiscal 2015 or 2016 cost containment actions.

The use of community-based programs in lieu of secure detention or out-of-home commitments is discussed further in the Issues section of this analysis.



**Exhibit 14**  
**Residential Per Diem Placement Funding and Per Diem Average Daily Population**  
**Fiscal 2009-2016**



ADP: average daily population

Source: Governor's Fiscal 2016 Allowance; Department of Juvenile Services

### **Contractual Evaluation Services**

The use of contractual evaluation services continues to decline, as evidenced by the \$510,000 reduction in the fiscal 2016 allowance. These contractual services have been replaced by the department's Multi-disciplinary Assessment Staffing Team (MAST) process, which has standardized evaluations throughout the State. Utilizing best practices and in-house staff, MAST evaluations provide a thorough assessment and diagnoses of the needs of youth to assist the court at the disposition of each youth's case. The number of referral packets sent to placements has decreased, as the needs of youth are now better matched to the provider's services. Private providers have noted a general improvement in the quality and relevance of the assessment documentation. The MAST process

engages families at one of the most critical decision points within the juvenile justice system. During MAST meetings families are afforded an opportunity to discuss assessment outcomes directly with clinicians and give their input regarding treatment needs and recommendations.

### **Other Changes**

Funding increases by \$540,000 for youth medical care in fiscal 2016. This additional funding provides increased nursing and psychiatric services at the Victor Cullen Center and reflects general increases in the cost of physician services. The department also receives an increase of \$399,000 for contractual employment. This primarily reflects the increase of 1.35 contractual full-time equivalents to provide administrative support within the Division of Department Support. That division is responsible for research, evaluation, policy and program development, and training. Special fund revenues collected by DJS from LEAs as a pass-through to the Maryland State Department of Education (MSDE) increase by approximately \$489,000. MSDE is responsible for the provision of education services to all youth in a State-operated juvenile detention or committed residential facility. DJS collects reimbursements from LEAs for youth who were in the school system's September 1 enrollment counts but actually received education services for at least some part of the school year in a DJS facility.

Offsetting these increases is a \$102,000 reduction in food supply purchases based on the population decline experienced in both the detention and residential populations and a \$74,000 decrease for travel expenses.

### **Cost Containment**

Fiscal 2016 cost containment actions total approximately \$12.9 million. Nearly half of the reduction is the result of the 2% across-the-board decrease in agency operating expenses. That 2% reduction totals \$5.9 million for the department. **As previously mentioned, it is possible that DJS will be able to accommodate this reduction within its residential per diem and other contractual program services; however, DJS is still asked to specifically discuss how the 2% across-the-board actions in fiscal 2015 and 2016 will be implemented and whether the potential overfunding in residential per diems is adequate to cover the entire reduction.**

In addition to the 2% across-the-board reduction and the \$6.2 million reduction to employee salaries and compensation, the department has \$911,501 in contingent reductions for fiscal 2016 related to a provision in the Budget Reconciliation and Financing Act of 2015 (BRFA) which limits provider rates set by the Interagency Rates to the fiscal 2014 levels. This is similar to the action implemented through the withdrawn appropriation in fiscal 2015. The fiscal 2016 allowance annualizes the 1.5% increase provided in fiscal 2015. The BRFA provision eliminates the entire increase. As such, the net impact of reducing provider rates to the fiscal 2014 level is a reduction of approximately \$710,000 in fiscal 2016. **Implementing these reductions can be accomplished in the budget bill without contingency language. Therefore, the Department of Legislative Services (DLS) recommends striking the contingent language in the budget bill and reducing the fiscal 2016 allowance by \$911,501.**

## ***Issues***

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### **1. Office of Legislative Audits May 2014 Audit Findings**

The Office of Legislative Audits conducted an audit of DJS from October 2009 through November 2012. The audit disclosed a total of 12 findings listed in Appendix 2 of this analysis. Of those 12 findings, 4 of the findings were repetitive of the prior audit and remain unresolved. DJS did satisfactorily address 10 of the findings from the prior audit.

In general, the audit disclosed deficiencies relating to a lack of proper internal controls for ensuring financial transactions and the use of corporate purchasing cards were properly authorized and supported. Issues were identified regarding the department's monitoring of financial statements from youth care contractors and delinquency in performing timely audits to avoid overpayments. The audit also disclosed a need to improve access and monitoring controls relating to the department's case management system in order to protect sensitive data.

Specifically, the four repeat findings identified in the audit were:

- Proper internal controls were not established over the processing of disbursement transactions allowing numerous employees the opportunity to process critical transactions without independent approval or proper oversight.
- Procedures to monitor and perform audits of youth care contractor expenditures were insufficient and not completed in a timely manner resulting in overpayments of approximately \$400,000.
- Proper internal controls had not been established over the automated system used for processing restitution collections and disbursement, resulting in overpayments to 106 victims totaling \$134,000 that the department is now working to recover.
- Physical inventories of equipment were not conducted at required intervals and recordkeeping was not sufficient, which has been an identified audit exception dating back to 1989.

In addition to the repeat findings, the audit also disclosed that, on multiple occasions, DJS did not follow State procurement regulations when purchasing goods and services. According to the audit report, DJS routinely used several vendors for individual small purchases of various goods and services without obtaining competitive bids. In addition, maintenance contracts were split to circumvent procurement oversight and documentation requirements. Finally, a construction project to repave and repair a parking lot at one facility was not adequately supported by a contract or related documentation.

**DJS should comment on the 12 findings included in the May 2014 audit report and provide a status update as to the progress made toward resolving each finding. DJS recommends the addition of standard budget language restricting funds until DJS identifies and implements the appropriate corrective actions necessary to resolve the identified repeat audit findings.**

## ***Recommended Actions***

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1. Add the following language:

Provided that the appropriation for the Department of Juvenile Services shall be reduced by \$806,661 in general funds, \$44,916 in special funds, and \$59,924 in federal funds to reflect the reduction in provider rates to the fiscal 2014 level. These funds shall be allocated as appropriate among the programs within the department.

**Explanation:** This action directly implements the resulting reduction from a provision in the Budget Reconciliation and Financing Act of 2015 to reduce residential provider rates to the fiscal 2014 level. The total amount of the reduction is \$911,501. The impact to provider rates is a 1.5% decrease.

2. Strike the following language:

~~, provided that this appropriation shall be reduced by \$302,331 contingent upon the enactment of legislation to cap the residential provider rate increase.~~

~~, provided that this appropriation shall be reduced by \$17,817 contingent upon the enactment of legislation to cap the residential provider rate increase.~~

~~, provided that this appropriation shall be reduced by \$21,476 contingent upon the enactment of legislation to cap the residential provider rate increase.~~

~~, provided that this appropriation shall be reduced by \$218,964 contingent upon the enactment of legislation to cap the residential provider rate increase.~~

~~, provided that this appropriation shall be reduced by \$14,229 contingent upon the enactment of legislation to cap the residential provider rate increase.~~

~~, provided that this appropriation shall be reduced by \$14,229 contingent upon the enactment of legislation to cap the residential provider rate increase.~~

~~, provided that this appropriation shall be reduced by \$285,366 contingent upon the enactment of legislation to cap the residential provider rate increase.~~

~~, provided that this appropriation shall be reduced by \$12,870 contingent upon the enactment of legislation to cap the residential provider rate increase.~~

~~, provided that this appropriation shall be reduced by \$24,219 contingent upon the enactment of legislation to cap the residential provider rate increase.~~

**Explanation:** The fiscal 2016 budget bill as introduced includes a \$911,501 reduction (\$806,661 in general funds, \$44,916 in special funds, and \$59,924 in federal funds) contingent upon the enactment of a provision in the Budget Reconciliation and Financing Act of 2015 to cap the residential provider rate increase at the fiscal 2014 level. This action strikes the contingent language so that the reduction may be taken directly.

3. Add the following language to the general fund appropriation:

, provided that since the Department of Juvenile Services (DJS) has had four or more repeat findings in the most recent fiscal compliance audit issued by the Office of Legislative Audits (OLA), \$100,000 of this agency's administrative appropriation may not be expended unless:

- (1) DJS has taken corrective action with respect to all repeat audit findings on or before November 1, 2015; and
- (2) a report is submitted to the budget committees by OLA listing each repeat audit finding along with a determination that each repeat finding was corrected. The budget committees shall have 45 days to review and comment to allow for funds to be released prior to the end of fiscal 2016.

**Explanation:** The Joint Audit Committee has requested that budget bill language be added for each unit of State government that has four or more repeat audit findings in its most recent fiscal compliance audit. Each such agency is to have a portion of its administrative budget withheld pending the adoption of corrective action by the agency and a determination by OLA that each finding was corrected. OLA shall submit reports to the budget committees on the status of the repeat findings.

| Information Request   | Author | Due Date                            |
|---|--------|-------------------------------------|
| Status of corrective actions related to the most recent fiscal compliance audit | OLA    | 45 days before the release of funds |

## ***Current and Prior Year Budgets***

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### **Current and Prior Year Budgets Department of Juvenile Services (\$ in Thousands)**

|                                  | <b><u>General<br/>Fund</u></b> | <b><u>Special<br/>Fund</u></b> | <b><u>Federal<br/>Fund</u></b> | <b><u>Reimb.<br/>Fund</u></b> | <b><u>Total</u></b> |
|----------------------------------|--------------------------------|--------------------------------|--------------------------------|-------------------------------|---------------------|
| <b>Fiscal 2014</b>               |                                |                                |                                |                               |                     |
| Legislative<br>Appropriation     | \$280,804                      | \$4,439                        | \$7,410                        | \$148                         | \$292,800           |
| Deficiency<br>Appropriation      | -6,467                         | 0                              | -25                            | 0                             | -6,491              |
| Budget<br>Amendments             | 2,463                          | 1,500                          | 879                            | 0                             | 4,842               |
| Reversions and<br>Cancellations  | -1,203                         | -1,741                         | -325                           | -41                           | -3,311              |
| <b>Actual<br/>Expenditures</b>   | <b>\$275,597</b>               | <b>\$4,198</b>                 | <b>\$7,939</b>                 | <b>\$106</b>                  | <b>\$287,840</b>    |
| <b>Fiscal 2015</b>               |                                |                                |                                |                               |                     |
| Legislative<br>Appropriation     | \$285,697                      | \$4,966                        | \$7,133                        | \$140                         | \$297,936           |
| Cost<br>Containment              | -3,950                         | 0                              | 0                              | 0                             | -3,950              |
| Budget<br>Amendments             | 2,270                          | 0                              | 10                             | 0                             | 2,280               |
| <b>Working<br/>Appropriation</b> | <b>\$284,017</b>               | <b>\$4,966</b>                 | <b>\$7,142</b>                 | <b>\$140</b>                  | <b>\$296,265</b>    |

Note: Numbers may not sum to total due to rounding. The fiscal 2015 working appropriation does not include January 2015 Board of Public Works reductions and deficiencies.

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## **Fiscal 2014**

General fund expenditures totaled nearly \$275.6 million in fiscal 2014, reflecting a decrease of approximately \$5.2 million when compared to the legislative appropriation.

- Deficiency appropriations reduced the legislative appropriation by \$6.5 million. Across-the-board reductions among all State agencies for retirement contributions, health care contributions, and the Statewide Personnel System accounted for nearly \$6.0 million of the total. DJS-specific deficiency appropriations included a \$1.2 million reduction for residential per diems based on a declining population offset by the provision of \$715,000 for the purchase of surveillance cameras at the youth camps in Western Maryland.
- Budget amendments provided nearly \$2.5 million in additional general funds, primarily for personnel-related expenses, including the cost-of-living adjustments (COLA) and employee increments.
- The department reverted approximately \$1.2 million in general funds at the close of fiscal 2014. Funds for community-based residential per diems were unexpended due to population declines.

Special fund expenditures totaled \$4.2 million in fiscal 2014, a decrease of approximately \$241,000 from the legislative appropriation. The department received \$1.5 million in anticipated additional special fund revenue from LEAs for youth receiving education services while in a DJS facility via budget amendment. This proved to be an overestimation, however, as \$1.7 million in special funds were cancelled at the close of fiscal 2014 based on actual collections from LEAs.

Federal fund expenditures totaled \$7.9 million in fiscal 2014, an increase of \$529,000 from the legislative appropriation. Across-the-board reductions to retirement and health care contributions implemented via deficiency appropriation totaled \$25,000. The department received approximately \$20,000 via budget amendment for the employee COLA and increments and \$860,000 in recognition of additional federal revenue from Title IV-E and Medicaid based on projected billings. At the close of fiscal 2014, DJS cancelled approximately \$325,000 in federal funds based on unrealized grant funds and an overestimation of Title IV-E and Medicaid funding.

Reimbursable fund expenditures totaled \$106,000 at the close of fiscal 2014 reflecting the cancellation of approximately \$41,000 in unexpended grant funds.

## **Fiscal 2015**

The fiscal 2015 general fund working appropriation reflects a decrease of \$1.7 million. Cost containment actions adopted by BPW in July 2014 reduced funding within the department by approximately \$4.0 million. This included a \$1.8 million reduction to residential per diems, \$735,300 decrease in nonresidential contractual services, a reduction of \$34,701 as part of a statewide timekeeping system, and a \$480,000 reduction in agency operating costs associated with population

*V00A – Department of Juvenile Services*

declines. Twelve vacant case management positions were also abolished for a reduction of \$900,000. Offsetting these cost containment reductions is an increase of \$2.2 million from agency budget amendments. This includes \$1.1 million for the Annual Salary Review to increase direct care worker salaries and \$1.2 million to allocate the partial year COLA.

The fiscal 2015 federal fund working appropriation reflects an increase of approximately \$10,000 to allocate the partial year COLA.



## ***Audit Findings***

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|                              |                                     |
|------------------------------|-------------------------------------|
| Audit Period for Last Audit: | October 19, 2009 – November 4, 2012 |
| Issue Date:                  | May 2014                            |
| Number of Findings:          | 12                                  |
| Number of Repeat Findings:   | 4                                   |
| % of Repeat Findings:        | 33%                                 |

- Finding 1:** Proper internal controls were not established over the processing of disbursement transactions.
- Finding 2:** DJS did not ensure the propriety of payments for certain electronic monitoring services.
- Finding 3:** DJS did not adhere to State procurement regulations.
- Finding 4:** Procedures to monitor and perform audits of youth care contractor expenditures were insufficient.
- Finding 5:** Critical adjustments to DJS' payroll were not always subject to supervisory review and approval.
- Finding 6:** Access to an automated timekeeping system was not adequately restricted and support for payroll was not properly maintained.
- Finding 7:** Proper controls had not been established over the automated system used for processing restitution collections and disbursements.
- Finding 8:** DJS' supervisors did not verify the proper determination of cases deemed ineligible for federal funding.
- Finding 9:** Corporate purchasing card transactions were not verified for propriety as required.
- Finding 10:** Controls over the ASSIST database were not sufficient to properly protect critical data.
- Finding 11:** Malware protection system was not configured to properly protect the network.
- Finding 12:** Physical inventories of equipment were not conducted at required intervals and recordkeeping was not sufficient.

ASSIST: Automated Statewide System of Information Systems Tools

\*Bold denotes item repeated in full or part from preceding audit report.

## Major Information Technology Projects

### Department of Juvenile Services Automated Statewide Support and Information Systems Tools (ASSIST) System Upgrade

|  |   |                |                |   |                |                   |                            |                |
|--|---|----------------|----------------|---|----------------|-------------------|----------------------------|----------------|
| <b>Project Status</b>                            | Planning.   |                |                | <b>New/Ongoing Project:</b>             |                | Ongoing.          |                            |                |
| <b>Project Description:</b>                      | The Automated Statewide Support and Information Systems Tool (ASSIST) is the main Department of Juvenile Services (DJS) client case management system. This system allows secure information sharing with State government entities, federal agencies, and private vendors. The ASSIST system and incorporated small applications handle all business functions related to juvenile case work and the administrative functions of the agency. The ASSIST system is antiquated and requires enhancements to address new system complexities and to provide system stability. |                |                |   |                |                   |                            |                |
| <b>Project Business Goals:</b>                   | DJS utilizes numerous applications developed in a freestanding manner to manage its case work and agency operations. The ASSIST system has reached its saturation point with the complexities of the incorporated systems. It has become necessary to unify structures and normalize data tables to maximize the use of essential data within the ASSIST system. Current technology standards need to be upgraded to improve the overall design and performance of the system.  |                |                |   |                |                   |                            |                |
| <b>Estimated Total Project Cost<sup>1</sup>:</b> | To be determined.   |                |                | <b>Estimated Planning Project Cost:</b> |                | \$999,315         |                            |                |
| <b>Project Start Date:</b>                       | Fiscal 2012.  |                |                | <b>Projected Completion Date:</b>       |                | To be determined. |                            |                |
| <b>Schedule Status:</b>                          | The upgrade to the “sunset” software technology is nearing completion. Some coding issues occurred in November 2014; however, DJS was able to work with the vendor to resolve these issues. DJS is now in the process of working with the vendor to ensure that there are no additional issues that the vendor will need to address. The department continues to internally define requirements while awaiting available funding for the upgrade project.   |                |                |   |                |                   |                            |                |
| <b>Cost Status:</b>                              | Total project cost has yet to be determined, as the planning phase is not yet complete.   |                |                |   |                |                   |                            |                |
| <b>Identifiable Risks:</b>                       | The lack of available funding to procure contractor resources to support the project continues to pose the risk of additional schedule delays. General funds have been provided to continue the project in fiscal 2016.   |                |                |   |                |                   |                            |                |
| <b>Fiscal Year Funding (\$ in Thousands)</b>     | <b>Prior Years</b>  | <b>FY 2016</b> | <b>FY 2017</b> | <b>FY 2018</b>                          | <b>FY 2019</b> | <b>FY 2020</b>    | <b>Balance to Complete</b> | <b>Total</b>   |
| Personnel Services                               | \$0.0   | \$0.0          | \$0.0          | \$0.0                                   | \$0.0          | \$0.0             | \$0.0                      | \$0.0          |
| Professional and Outside Services                | 574.3   | 425.0          | 0.0            | 0.0                                     | 0.0            | 0.0               | 0.0                        | 999.3          |
| Other Expenditures                               | 0.0   | 0.0            | 0.0            | 0.0                                     | 0.0            | 0.0               | 0.0                        | 0.0            |
| <b>Total Funding</b>                             | <b>\$574.3</b>  | <b>\$425.0</b> | <b>\$0.0</b>   | <b>\$0.0</b>                            | <b>\$0.0</b>   | <b>\$0.0</b>      | <b>\$0.0</b>               | <b>\$999.3</b> |

**Object/Fund Difference Report  
Department of Juvenile Services**

| <u>Object/Fund</u>                      | <u>FY 14<br/>Actual</u> | <u>FY 15<br/>Working<br/>Appropriation</u> | <u>FY 16<br/>Allowance</u> | <u>FY 15 - FY 16<br/>Amount Change</u> | <u>Percent<br/>Change</u> |
|---|-------------------------|--|----------------------------|--|---------------------------|
| <b>Positions</b>                        |                         |  |                            |  |                           |
| 01 Regular                              | 2,078.05                | 2,062.05                                   | 2,062.05                   | 0.00                                   | 0%                        |
| 02 Contractual                          | 160.87                  | 141.65                                     | 143.00                     | 1.35                                   | 1.0%                      |
| <b>Total Positions</b>                  | <b>2,238.92</b>         | <b>2,203.70</b>                            | <b>2,205.05</b>            | <b>1.35</b>                            | <b>0.1%</b>               |
| <b>Objects</b>                          |                         |  |                            |  |                           |
| 01 Salaries and Wages                   | \$ 150,609,855          | \$ 162,891,223                             | \$ 170,354,599             | \$ 7,463,376                           | 4.6%                      |
| 02 Technical and Spec. Fees             | 6,095,378               | 5,014,838                                  | 5,413,436                  | 398,598                                | 7.9%                      |
| 03 Communication                        | 2,106,774               | 2,579,915                                  | 2,736,991                  | 157,076                                | 6.1%                      |
| 04 Travel                               | 975,638                 | 1,049,657                                  | 975,628                    | -74,029                                | -7.1%                     |
| 06 Fuel and Utilities                   | 4,780,563               | 4,712,185                                  | 4,712,195                  | 10                                     | 0%                        |
| 07 Motor Vehicles                       | 1,931,940               | 2,019,047                                  | 2,093,241                  | 74,194                                 | 3.7%                      |
| 08 Contractual Services                 | 101,741,603             | 103,638,802                                | 102,653,080                | -985,722                               | -1.0%                     |
| 09 Supplies and Materials               | 7,107,862               | 6,779,705                                  | 6,831,952                  | 52,247                                 | 0.8%                      |
| 10 Equipment – Replacement              | 1,672,432               | 935,500                                    | 817,379                    | -118,121                               | -12.6%                    |
| 11 Equipment – Additional               | 3,946,430               | 169,470                                    | 347,271                    | 177,801                                | 104.9%                    |
| 12 Grants, Subsidies, and Contributions | 2,875,144               | 2,706,688                                  | 3,159,405                  | 452,717                                | 16.7%                     |
| 13 Fixed Charges                        | 3,957,845               | 3,768,593                                  | 3,779,467                  | 10,874                                 | 0.3%                      |
| 14 Land and Structures                  | 38,698                  | 0  | 38,798                     | 38,798                                 | N/A                       |
| <b>Total Objects</b>                    | <b>\$ 287,840,162</b>   | <b>\$ 296,265,623</b>                      | <b>\$ 303,913,442</b>      | <b>\$ 7,647,819</b>                    | <b>2.6%</b>               |
| <b>Funds</b>                            |                         |  |                            |  |                           |
| 01 General Fund                         | \$ 275,596,667          | \$ 284,017,203                             | \$ 291,402,378             | \$ 7,385,175                           | 2.6%                      |
| 03 Special Fund                         | 4,198,250               | 4,965,931                                  | 4,906,381                  | -59,550                                | -1.2%                     |
| 05 Federal Fund                         | 7,938,895               | 7,142,467                                  | 7,384,471                  | 242,004                                | 3.4%                      |
| 09 Reimbursable Fund                    | 106,350                 | 140,022                                    | 220,212                    | 80,190                                 | 57.3%                     |
| <b>Total Funds</b>                      | <b>\$ 287,840,162</b>   | <b>\$ 296,265,623</b>                      | <b>\$ 303,913,442</b>      | <b>\$ 7,647,819</b>                    | <b>2.6%</b>               |

Note: The fiscal 2015 working appropriation does not include January 2015 Board of Public Works reductions and deficiencies. The fiscal 2016 allowance does not reflect contingent or across-the-board reductions.

**Fiscal Summary  
Department of Juvenile Services**

| <u>Program/Unit</u>                 | <u>FY 14<br/>Actual</u> | <u>FY 15<br/>Wrk Approp</u> | <u>FY 16<br/>Allowance</u> | <u>Change</u>       | <u>FY 15 - FY 16<br/>% Change</u> |
|-------------------------------------|-------------------------|-----------------------------|----------------------------|---------------------|-----------------------------------|
| 01 Office of the Secretary          | \$ 4,113,469            | \$ 4,035,203                | \$ 3,614,951               | -\$ 420,252         | -10.4%                            |
| 02 Departmental Support             | 25,637,008              | 24,807,169                  | 26,256,481                 | 1,449,312           | 5.8%                              |
| 01 Residential Operations           | 5,357,512               | 4,682,857                   | 5,211,430                  | 528,573             | 11.3%                             |
| 01 Baltimore City Region Operations | 64,784,259              | 68,346,916                  | 66,356,439                 | -1,990,477          | -2.9%                             |
| 01 Central Region Operations        | 36,766,218              | 37,693,604                  | 38,525,493                 | 831,889             | 2.2%                              |
| 01 Western Region Operations        | 44,700,369              | 44,130,009                  | 48,058,578                 | 3,928,569           | 8.9%                              |
| 01 Eastern Region Operations        | 21,968,002              | 23,033,791                  | 24,839,438                 | 1,805,647           | 7.8%                              |
| 01 Southern Region Operations       | 25,977,794              | 25,338,886                  | 28,417,904                 | 3,079,018           | 12.2%                             |
| 01 Metro Region Operations          | 58,535,531              | 64,197,188                  | 62,632,728                 | -1,564,460          | -2.4%                             |
| <b>Total Expenditures</b>           | <b>\$ 287,840,162</b>   | <b>\$ 296,265,623</b>       | <b>\$ 303,913,442</b>      | <b>\$ 7,647,819</b> | <b>2.6%</b>                       |
| General Fund                        | \$ 275,596,667          | \$ 284,017,203              | \$ 291,402,378             | \$ 7,385,175        | 2.6%                              |
| Special Fund                        | 4,198,250               | 4,965,931                   | 4,906,381                  | -59,550             | -1.2%                             |
| Federal Fund                        | 7,938,895               | 7,142,467                   | 7,384,471                  | 242,004             | 3.4%                              |
| <b>Total Appropriations</b>         | <b>\$ 287,733,812</b>   | <b>\$ 296,125,601</b>       | <b>\$ 303,693,230</b>      | <b>\$ 7,567,629</b> | <b>2.6%</b>                       |
| Reimbursable Fund                   | \$ 106,350              | \$ 140,022                  | \$ 220,212                 | \$ 80,190           | 57.3%                             |
| <b>Total Funds</b>                  | <b>\$ 287,840,162</b>   | <b>\$ 296,265,623</b>       | <b>\$ 303,913,442</b>      | <b>\$ 7,647,819</b> | <b>2.6%</b>                       |

Note: The fiscal 2015 working appropriation does not include January 2015 Board of Public Works reductions and deficiencies. The fiscal 2016 allowance does not reflect contingent or across-the-board reductions.