

V00A
Department of Juvenile Services

Operating Budget Data

(\$ in Thousands)

	<u>FY 15</u> <u>Actual</u>	<u>FY 16</u> <u>Working</u>	<u>FY 17</u> <u>Allowance</u>	<u>FY 16-17</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$274,769	\$279,147	\$285,327	\$6,179	2.2%
Deficiencies and Reductions	0	0	-576	-576	
Adjusted General Fund	\$274,769	\$279,147	\$284,751	\$5,604	2.0%
Special Fund	3,658	4,906	3,864	-1,042	-21.2%
Adjusted Special Fund	\$3,658	\$4,906	\$3,864	-\$1,042	-21.2%
Federal Fund	7,889	7,361	4,840	-2,521	-34.2%
Deficiencies and Reductions	0	0	-5	-5	
Adjusted Federal Fund	\$7,889	\$7,361	\$4,836	-\$2,525	-34.3%
Reimbursable Fund	165	220	247	27	12.1%
Adjusted Reimbursable Fund	\$165	\$220	\$247	\$27	12.1%
Adjusted Grand Total	\$286,480	\$291,635	\$293,698	\$2,063	0.7%

- The fiscal 2017 allowance for the Department of Juvenile Services (DJS) increases by nearly \$2.1 million, or 0.7%, over the fiscal 2016 working appropriation. Growth in personnel and maintenance expenditures is offset by significant reductions in funding for residential per diems and other facility operation costs due to declining populations. Included in those reductions is the closure of the William Donald Schaefer House in Baltimore City, as a cost containment measure. Special fund revenue generated from local education agency reimbursements is budgeted more in line with prior year actual expenditures, reflecting a \$1.0 million decrease in fiscal 2017. Federal funds decline by \$2.5 million due to a regulatory change that prohibits DJS from billing Medicaid for residential rehabilitative services.

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

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Personnel Data

	<u>FY 15 Actual</u>	<u>FY 16 Working</u>	<u>FY 17 Allowance</u>	<u>FY 16-17 Change</u>
Regular Positions	2,055.05	2,055.05	2,051.05	-4.00
Contractual FTEs	<u>159.07</u>	<u>142.00</u>	<u>141.50</u>	<u>-0.50</u>
Total Personnel	2,214.12	2,197.05	2,192.55	-4.50

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	146.45	7.14%
Positions and Percentage Vacant as of 12/31/15	242.20	11.79%

- Four positions are abolished in the fiscal 2017 allowance for DJS. Two of these positions are associated with the closure of the William Donald Schaefer House and are currently filled positions. Those employees will be transferred into existing vacant positions at other DJS facilities. The remaining 2 positions are vacant information technology (IT) positions and are part of the new statewide initiative to consolidate IT functions in the Department of Information Technology.
- DJS has nearly 96 more vacant positions than what will be required to meet fiscal 2017 budgeted turnover. The department's point-in-time vacancy rate of 11.79% vacancy rate as of December 31, 2015, is the highest reported vacancy rate since prior to fiscal 2012.

Analysis in Brief

Major Trends

Maryland Juvenile Arrest Data: Arrest rates for juveniles between the ages of 10 and 17 continue to decline, falling 37.3% over the past five years, with a decrease of 13.8% in the most recent year-over-year change. A slightly more than 8.0% decrease in property crimes is outweighing a 1.0% increase in violent crimes in calendar 2014, to have an overall reduction of approximately 6.1% for Part 1 crimes.

DJS Complaint Totals and Complaint Disposition: Approximately 23,400 complaints were referred to the department in fiscal 2015, reflective of a 6.6% decrease from the previous year. Nearly half of the complaints referred to the department did not require court intervention. Formal cases declined by 11.0% in fiscal 2015, to just below 12,000 cases. Of those cases receiving a formal recommendation for court intervention, approximately 27.2% received a probation disposition and 10.4% received a committed disposition.

Nonresidential Placement Trends: Fiscal 2015 and 2016 year-to-date data reflects a continued drop in overall nonresidential placements consistent with the population declines experienced throughout the department. Probation cases account for approximately 50% of the average monthly nonresidential caseload. **DJS 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. In addition, the department should discuss efforts to improve reentry programming and transition services for youth returning from out-of-home placement.**

Secure Detention and Pending Placement Trends: There were nearly 300 fewer pre-adjudication and pending placement youth detained in DJS facilities in fiscal 2015 compared to a decade ago, reflecting a 56% decrease since fiscal 2006. Comparing year-over-year change, the detention population decreased by 8% between fiscal 2014 and 2015, despite a nearly 38% increase in the adult court authorized detention population. The fiscal 2015 pending placement average daily population (ADP) was 66 youth, marking the second consecutive year that the pending placement population was below 100 youth, and a 24% reduction from the previous fiscal year. This decrease is largely attributable to implementation of the department's continuum of care, which is scheduled to sunset at the close of fiscal 2016. SB 81 proposes to repeal the termination date for the continuum of care provision. **DJS should update the committees on the status of the proposed legislation and the potential operational and fiscal impacts that would result if the legislation is not successful.**

Adult Court Authorized Detention Population Trends: Effective October 1, 2015, courts are required to order a youth charged as an adult who is eligible for transfer to the juvenile system to be held in a juvenile detention facility, while pending that transfer decision, with a few exceptions. DJS has seen a significant increase in its youth charged as adult population since fiscal 2014, increasing from an ADP of 31 to 70 youth in the past two years. These youth have significantly longer lengths of stay than other detention populations. **DJS should discuss its future population projections for the adult court authorized detention population and the impact this population has on capacity and facility**

operations. The department should also comment on whether this population requires unique services, and if so, whether those services are being provided.

Committed Population Trends: In fiscal 2015, an ADP of 712 youth were in committed residential programs. Data through the first six months of fiscal 2016 shows a significant decline of nearly 16% to an ADP of 599 youth. DJS is modifying its State-operated facility complement in fiscal 2017. The department is closing the William Donald Schaefer House, a 19-bed substance abuse treatment facility for male youth in Baltimore City, due to cost containment. In addition, DJS is implementing physical plant changes to increase the security level at the Savage Mountain Youth Center, located in the Western Region, to hardware secure. **DJS should comment on its decision to increase the security level at Savage Mountain Youth Center and the impact this change will have on departmental operations and services provided to committed youth.**

Recidivism Rates: DJS has revised its recidivism methodology, primarily to exclude technical violations and other nondelinquent offenses from the recidivism rate. Fiscal 2012 releases are now the only year of data available with a three-year recidivism rate. For those youth, nearly three-quarters (71.4%) were rearrested within three years of release. Approximately 40.0% were reconvicted and 35.0% were reincarcerated.

Issues

Juvenile Services Education Needs Improvement: As a result of legislation enacted by the General Assembly in 2003, the Maryland State Department of Education (MSDE) began the process of assuming responsibility for the provision of education services to all State-operated DJS detention and committed care facilities in fiscal 2005. The last of 14 facilities was transferred in fiscal 2013. The assumption at the time the legislation was enacted was that MSDE, being the overseer of education services for the State, was better positioned to ensure the provision of adequate education services to the population of youth under the care of DJS. With the takeover of each facility, MSDE repeatedly indicated that additional resources were needed to improve the delivery of education services to DJS youth. In most instances, however, the department received the equivalent of the resources previously budgeted in DJS with no increase. Concerns have again been raised questioning whether MSDE is providing the appropriate level of services to students in DJS facilities. **DLS recommends budget language requiring MSDE and DJS to submit biannual monitoring reports to the budget committees on the advancements made toward addressing the concerns raised in this issue, the level of communication between the agencies and with local school systems, and how the additional resources provided in the fiscal 2017 allowance will be utilized. In addition, DLS recommends MSDE and DJS develop measures evaluating the performance of the program, in addition to student performance.**

Recommended Actions

	<u>Funds</u>
1. Reduce the increase in funding for contractual evaluations.	\$ 201,000
2. Add language requiring submission of biannual reports on progress made toward addressing juvenile education services concerns.	
Total Reductions	\$ 201,000

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Operating Budget Analysis

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 2010 through 2014. 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 2010-2014

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>% Change 2010-2014</u>	<u>% Change 2013-2014</u>
Total Arrests	39,642	35,219	29,987	28,048	24,230	-38.9%	-13.6%
Arrest Rate	6,377	5,733	4,922	4,639	4,000	-37.3%	-13.8%
Part 1 Arrests	12,626	11,096	9,397	8,905	8,379	-33.6%	-5.9%
Part 1 Arrest Rate	2,031	1,806	1,542	1,473	1,383	-31.9%	-6.1%
Part 1 Arrests:							
a. Violent Crimes	2,953	2,227	1,900	2,064	2,089	-29.3%	1.2%
Violent Crime Rate	475	363	312	341	345	-27.4%	1.2%
b. Property Crimes	9,673	8,869	7,497	6,841	6,290	-35.0%	-8.1%
Property Crime Rate	1,556	1,444	1,231	1,131	1,038	-33.3%	-8.2%
Part 2 Arrests	27,016	24,123	20,590	19,143	15,851	-41.3%	-17.2%
Part 2 Arrest Rate	4,346	3,927	3,379	3,166	2,617	-39.8%	-17.3%

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

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

Total arrests have experienced dramatic declines since calendar 2004. Compared to the number of youth arrested a decade ago, the 24,230 arrests in calendar 2014 are 53.1% below calendar 2004. More recently, calendar 2014 is the third consecutive year where total juvenile arrests are below 30,000

and the first time in more than 20 years that total arrests are below 25,000. Accounting for any changes to the statewide juvenile population (all youth ages 10 through 17), which has fallen by 2.5% since calendar 2010, the juvenile arrest rate per 100,000 youth has decreased 37.3% over the past 5 years.

Part 1 arrests declined 33.6% over the past five years, with property crimes decreasing at a slightly higher rate than violent crimes. In looking at the year-over-year change, the 5.9% reduction in Part 1 arrests between calendar 2013 and 2014 is solely driven by an 8.1% decrease in property crime arrests. In fact, arrests for violent crimes actually increased by 1.2%. This includes arrests for murder, rape, robbery, and felonious assault. Part 2 arrests also declined by nearly 41.3% between calendar 2010 and 2014, with the most recent year-over-year change of -17.2%.

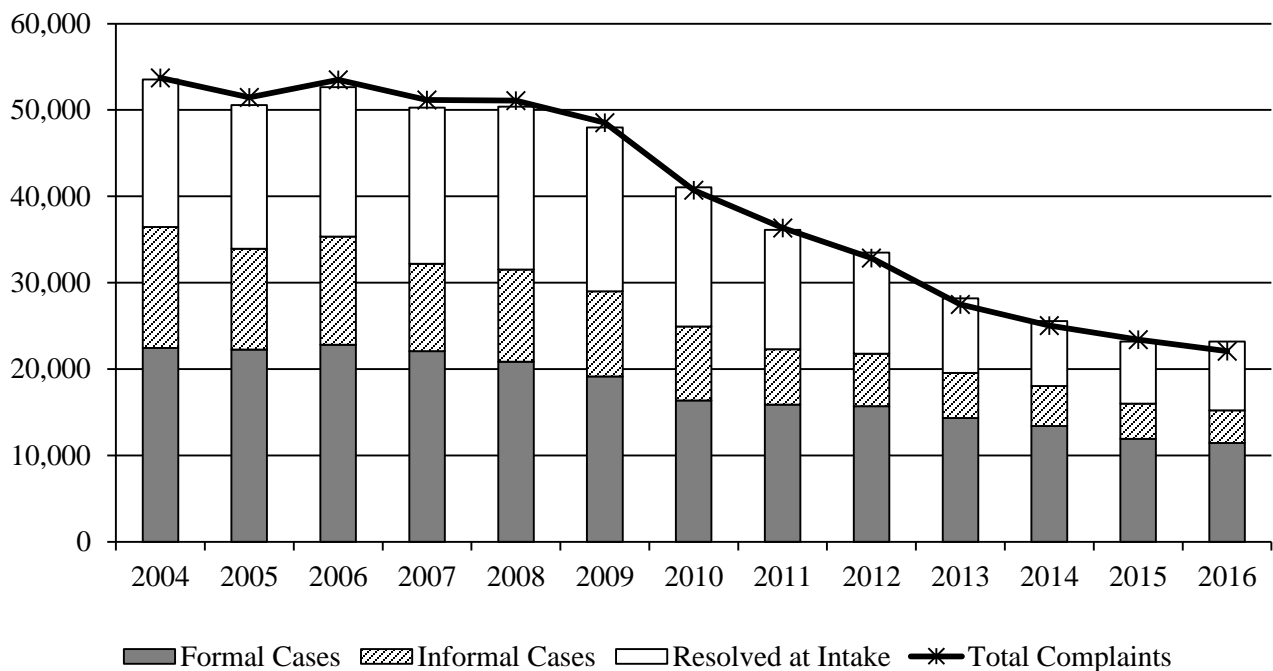
2. DJS Complaint Totals and Complaint Disposition

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 23,400 complaints were referred to the department in fiscal 2015, reflective of a 6.6% decrease from the previous year. The magnitude of the decrease has continued to slow down; however, fiscal 2015 is the first year in more than a decade that DJS has handled fewer than 25,000 complaints. Since the most recent peak of approximately 53,500 complaints in fiscal 2006, total complaints have fallen by more than 56.0%. Annualized data for fiscal 2016, based on actual data from the first six months of the fiscal year, project the decrease in complaints to continue.
- Approximately 48.5% of the cases received in fiscal 2015 did not require court intervention. The number of cases resolved at intake experienced a slight decrease (4.1%), falling to slightly more than 7,200 cases. Similarly, the number of cases that require some form of intervention but not court intervention (the informal caseload) continued to decline, falling by 12.2% from the prior fiscal year. Based on year-to-date data for fiscal 2016, cases resolved at intake are projected to increase by 10.2%, while the informal caseload is expected to continue its decline below 4,000 cases annually.
- The formal caseload, cases where court intervention is required, account for slightly more than half of complaints received. The 11.0% decline experienced in fiscal 2015 reduced total formal cases to 11,919, nearly half the formal complaints received a decade ago. Of those cases receiving a formal recommendation for court intervention in fiscal 2015, approximately 27.2% received a probation disposition, and 10.4% received a committed disposition. An additional 27.7% of cases were dismissed or closed. In comparing disposition data from previous years, probation dispositions have remained constant for fiscal 2013 through 2015, while commitments to DJS and the percent of cases dismissed have decreased. The percent of formal cases with a continuance has increased from 9.0% to 14.2% over the three-year period.

- In examining complaints by region, between fiscal 2013 and 2015, the Central Region had the highest number of complaints, with an average of over 6,500 complaints each year. In fiscal 2015, the Central Region accounted for 25.0% of total complaints, followed by the Southern Region (19.0%) and the Metro Region (18.0%). In the past three fiscal years, the Metro Region has experienced the most significant decrease, with complaints falling 25.0% since fiscal 2013. Baltimore City accounted for 14.0% of total complaints in fiscal 2015, and experienced a 15.0% decrease in complaints since fiscal 2013.

Exhibit 2
Juvenile Complaint and Complaint Disposition
Fiscal 2004-2016 Projected



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

3. Placement Trends

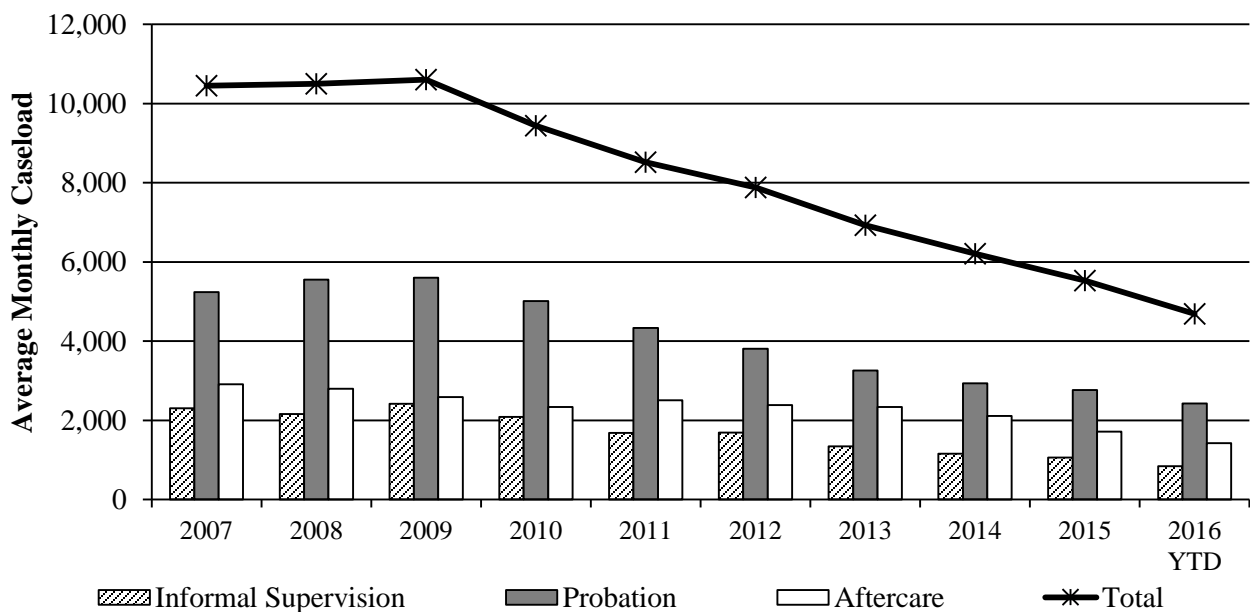
Nonresidential Placement Trends

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 2015 and 2016 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 5,100 cases, or 48%. Probation cases account for approximately 50% of the average monthly nonresidential caseload. Over the past decade, DJS has been utilizing informal supervision less, as proportionally these cases have decreased from 22% of total caseloads in fiscal 2007 to 19% in fiscal 2015. During that same time period, aftercare caseloads as a proportion of total nonresidential caseloads have grown from a low point of 24% to consistently accounting for at least 30% of total caseloads.

Exhibit 3
Nonresidential Caseload Trends
Fiscal 2007-2016 Year-to-date



YTD: year-to date

Note: Fiscal 2016 data is through December 2015. Aftercare caseloads include youth in residential and community-based programs.

Source: Department of Juvenile Services

The year-over-year change from fiscal 2014 to 2015 reflects an 11% decline in the average monthly caseload for all nonresidential placements, with the aftercare population decreasing most significantly (19%). Data from the first six months of fiscal 2016 shows a continuing decline of 15% for all three populations. The fiscal 2016 year-to-date average monthly caseloads for youth receiving informal supervision or probation are approximately 839 and 2,425 cases, respectively. The average monthly aftercare caseload through the first six months of fiscal 2016 is approximately 1,422 cases, which reflects a nearly 17% decline from fiscal 2015.

The department has continued to realign its community supervision and case management staff to account for the declining populations, but to also enhance the nonresidential services provided to DJS youth, in particular those services that support transition back to the community. **DJS 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. In addition, the department should discuss efforts to improve reentry programming and transition services for youth returning from out-of-home placement.**

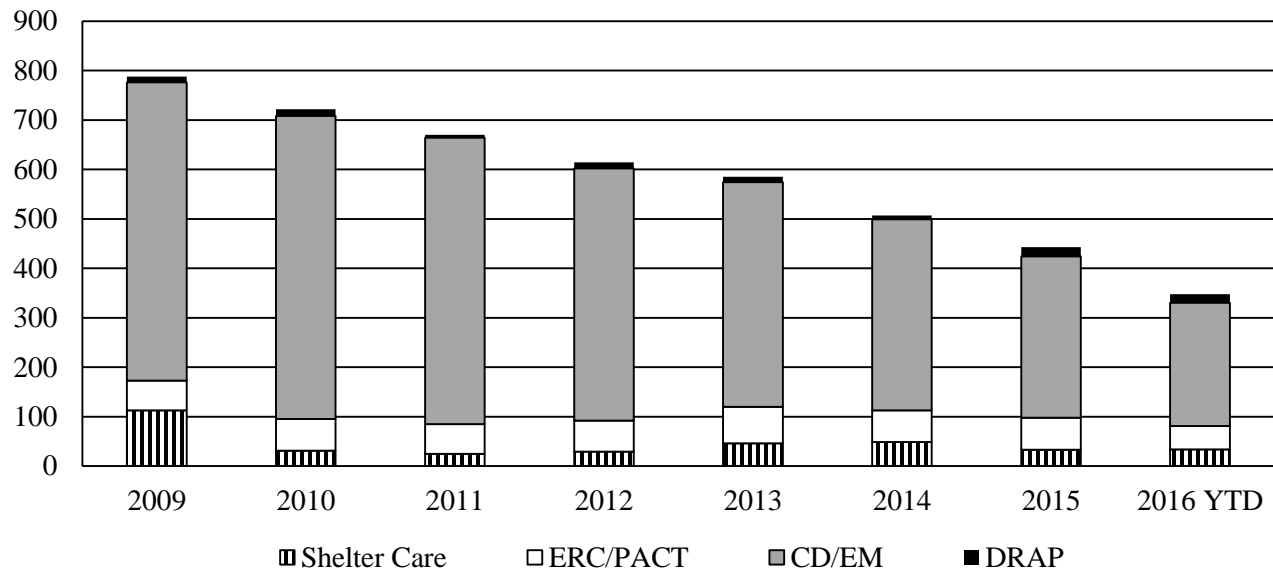
Secure Detention and Pending Placement Trends

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 2015, the population of youth in ATD programming decreased by 44%, to an ADP of 443 youth. Fiscal 2016 year-to-date data indicates that the downward trend will continue, with an ADP of less than 350 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 2015. 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 2015. This calculation excludes the population of youth who are detained in a DJS facility pending action from the adult court system. Preliminary data from fiscal 2016 indicates that this population will remain consistent at 65% of the overall population.

Exhibit 4
Alternative to Detention Programming
By Type of Program
Fiscal 2009-2016 Year-to-date



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

Note: Fiscal 2016 data is through December 2015.

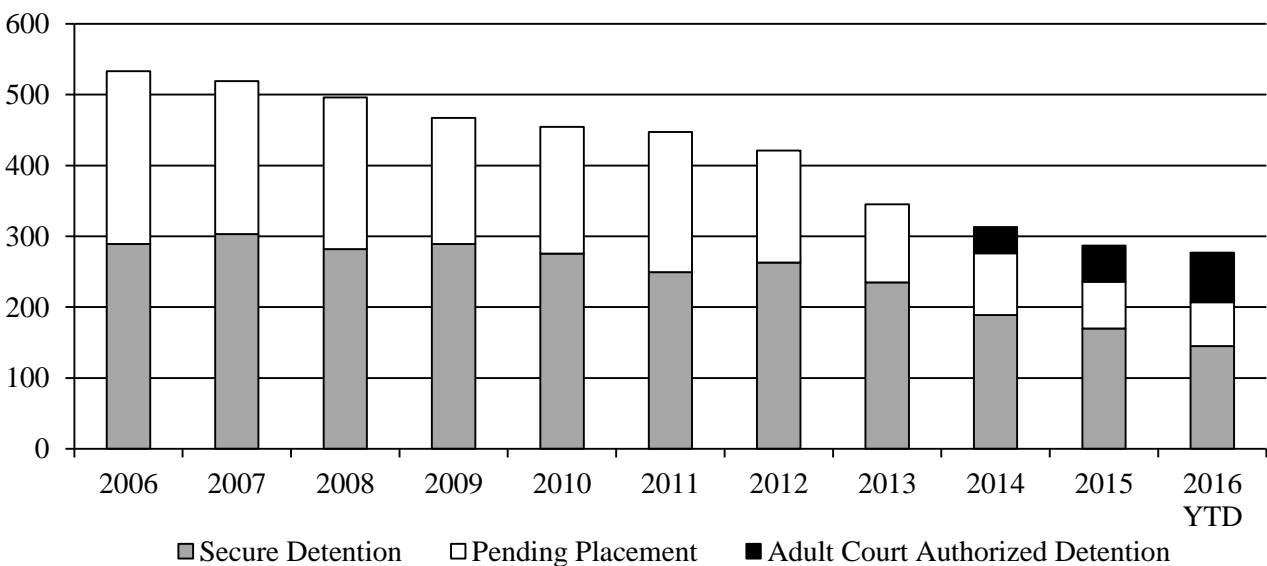
Source: Department of Juvenile Services

Exhibit 5 shows the population trends for all youth held in DJS detention facilities since fiscal 2006. This includes pre-adjudicated youth in secure detention, those who are pending placement in a committed program, and those youth whose detention is authorized by the adult court system. As seen in the exhibit:

- The overall population of youth in DJS detention facilities has declined significantly since fiscal 2006, when the population of pre-adjudicated and pending placement youth exceeded 530 children. In fiscal 2015, the ADP of 287 youth includes 51 individuals awaiting action from the adult courts. Excluding this population, there were nearly 300 fewer youth detained in DJS facilities in fiscal 2015 compared to a decade ago, reflecting a 56% decrease since fiscal 2006. Comparing year-over-year change, the detention population decreased by 8% between fiscal 2014 and 2015, despite a nearly 38% increase in the adult court authorized

detention population. Absent the youth-charged-as-adult population, the detention population declined by 15% in fiscal 2015. Data through the first six months of fiscal 2016 suggests that the decrease will continue, even as the youth-charged-as-adult population continues to rise. The ADP for fiscal 2016 year-to-date is at a historic low of 277 youth. The decrease is attributable to flow-through from the decline in referrals and formal cases, in addition to reductions in the pending placement population.

Exhibit 5
Average Daily Population of Youth in DJS Detention Facilities
Fiscal 2006-2016 Year-to-date



DJS: Department of Juvenile Services
YTD: year-to-date

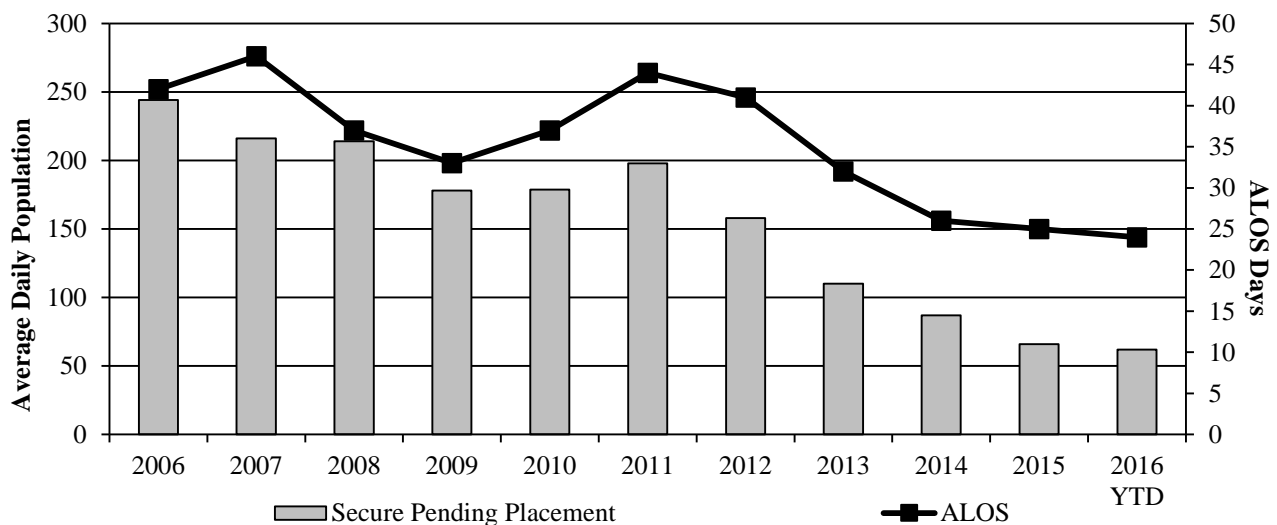
Note: Fiscal 2016 data is through December 2015.

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 for fiscal 2015, when an average of 170 youth were held in secure detention while awaiting action from the juvenile court system. Compared to the peak of 303 youth held in secure detention in fiscal 2007, the pre-adjudication detention population has declined by nearly 44%. Preliminary fiscal 2016 data reflects a pre-adjudication ADP of 145 youth, an approximate decrease of 15% from fiscal 2015.

- The pending placement population has decreased in number, as well as proportion, since fiscal 2006. Historically, pending placement youth accounted for more than 40% of the detention population. In fiscal 2015, however, the proportion of detained youth pending placement was approximately 28%. The fiscal 2015 pending placement ADP was 66 youth, marking the second consecutive year that the pending placement population was below 100 youth. This reflects a 24% reduction from the previous fiscal year. Data from the first six months of fiscal 2016 shows the pending placement population continuing to decline by nearly 6% to an ADP of 62 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 has declined by 43% and the population by 67%. In fiscal 2015, an ADP of 66 youth were held pending placement for an average of 25 days. This trend appears to continue in fiscal 2016, with preliminary data indicating an ALOS below 30 days for the third consecutive year.

Exhibit 6
Pending Placement Population
Average Daily Population and Length of Stay
Fiscal 2006-2016 Year-to-date



ALOS: average length of stay

YTD: year-to-date

Note: Fiscal 2016 data is through December 2015.

Source: Department of Juvenile Services

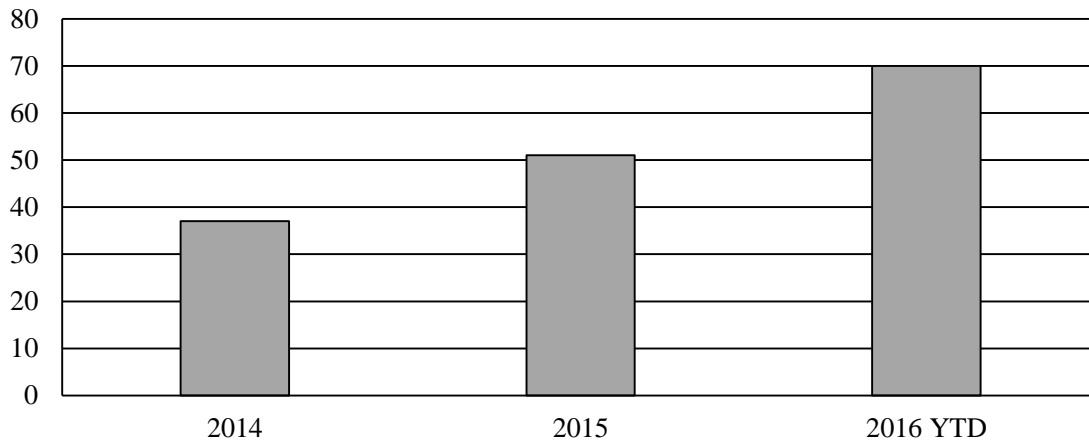
- The significant decline in the pending placement population since fiscal 2011 is largely attributed to legislation enacted by the General Assembly during the 2012 session. Chapter 198 of 2012 established provisions authorizing DJS to transfer youth between committed placements without court intervention. 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. SB 81 again proposes to repeal the termination date for the continuum of care. If this provision were allowed to sunset, it would likely have a significant impact on DJS operations, leading to increased detention populations, limited capacity, and higher costs. **DJS should update the committees on the status of the proposed legislation and the potential operational and fiscal impacts that would result if the legislation is not successful.**

Adult Court Authorized Detention Population Trends

In fiscal 2014, DJS entered into an agreement with Baltimore City to have the department house qualified juveniles who have been charged as adults and who would otherwise be held in the city's adult pretrial detention center. During the 2015 session, the law regarding pre-transfer detention for youth charged as adults was amended to create a presumption that youth charged as adults should be held in a juvenile detention facility. Effective October 1, 2015, the court must order a youth charged as an adult who is eligible for transfer to the juvenile system to be held in a juvenile detention facility while pending that transfer decision unless (1) the youth is released on bail, recognizance, or other pretrial condition; (2) there is no capacity in the secure juvenile facility; or (3) the court finds that detention in a secure juvenile facility would pose a risk of harm to the child or others, and states the reasons for the finding on the record.

As seen in **Exhibit 7**, the adult court authorized detention population has increased significantly as a result of the Baltimore City agreement and subsequent legislation. In fiscal 2014, DJS had an ADP of 37 youth charged as adults held in its facilities. That number has increased to an ADP of 70 youth for the first six months of fiscal 2016, an increase of 89%. Given the significant decreases in other DJS detention population, the department has been able to absorb this increase; however, the new legislation has been in effect for less than six months. The full extent of the impact on the DJS detention population is not fully known; however, the potential exists for significantly increasing the ADP. For example, DJS estimated that the total statewide youth charged as adult population in fiscal 2015 was an ADP of 128 youth, of which 51 were held in DJS facilities. Under the new legislation, it is anticipated that DJS will house the majority of these youth. The projected population for fiscal 2017 is 160 youth, which would mean a 129% increase over the current fiscal 2016 level.

Exhibit 7
Adult Court Authorized Detention
Average Daily Population
Fiscal 2014-2016 Year-to-date



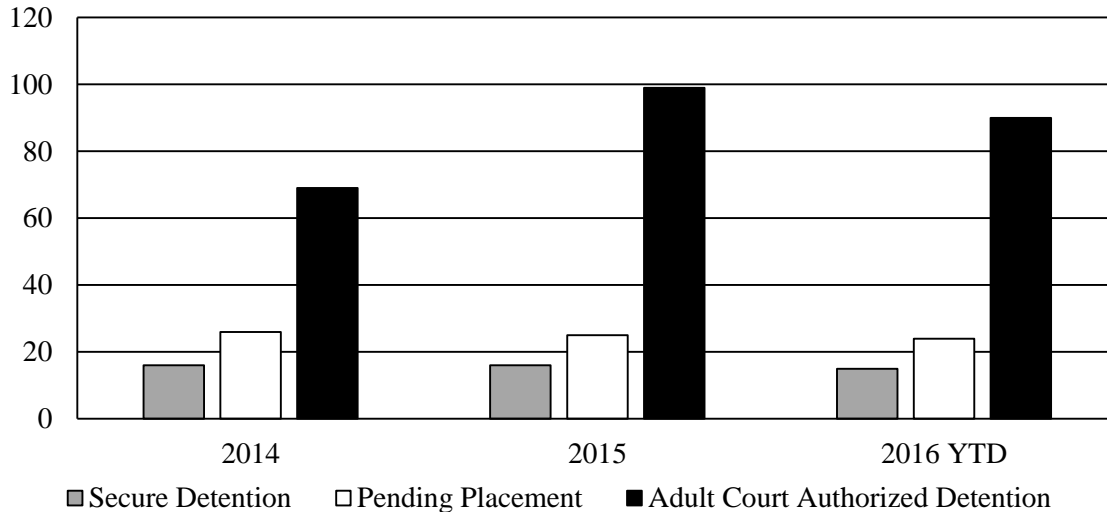
YTD: year-to-date

Note: Fiscal 2016 data is through December 2015.

Source: Department of Juvenile Services

In addition to impacting capacity, the youth-charged-as-adult population also impacts agency operations, in that these youth have a much longer ALOS, as evidenced in **Exhibit 8**. The average length of stay for a youth in secure (pre-adjudication) detention was 16 days in fiscal 2015. With improvements to the pending placement population through the continuum of care, DJS lowered the ALOS for pending placement youth to 25 days. The ALOS for the youth charged as adult population, however, was at 99 days in fiscal 2015, which is more than two months longer than other populations.

Exhibit 8
Average Length of Stay for Youth in DJS Detention Facilities
Fiscal 2014-2016 Year-to-date



YTD: year-to-date

Note: Fiscal 2016 data is through December 2015.

Source: Department of Juvenile Services

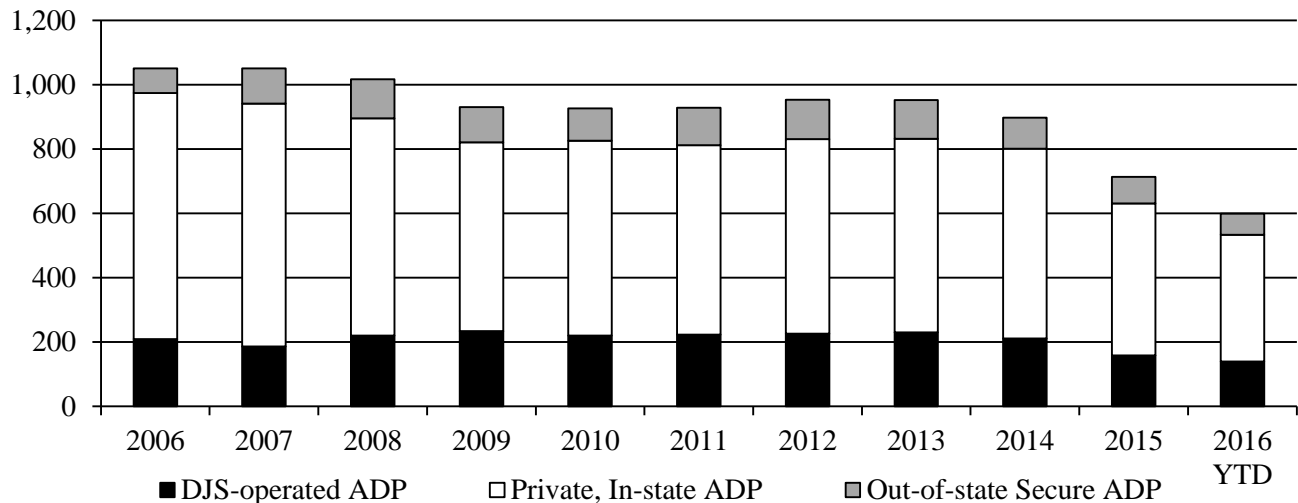
DJS should discuss its future population projections for the adult court authorized detention population and the impact this population has on capacity and facility operations. The department should also comment on whether this population requires unique services, and if so, whether those services are being provided.

Committed 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 9 illustrates the ADP of youth in all types of committed residential programs. The out-of-home committed population declined for the second consecutive year in fiscal 2015. The population rose slightly between fiscal 2011 and 2013 (3%), as the department increased its efforts to move youth out of pending placement status and into committed residential programs more quickly. Since then, as the effects of declining populations in other areas of the juvenile justice system have flown through, the out-of-home committed ADP has declined by 240 youth, or 25%. In fiscal 2015, an ADP of 711 youth were in committed residential programs. Data through the first six months of fiscal 2016 shows a significant decline of nearly 16% to an ADP of 599 youth.

Exhibit 9
Committed Residential Population
Fiscal 2006-2016 Year-to-date



ADP: average daily population

YTD: year-to-date

Note: Fiscal 2016 data is through December 2015.

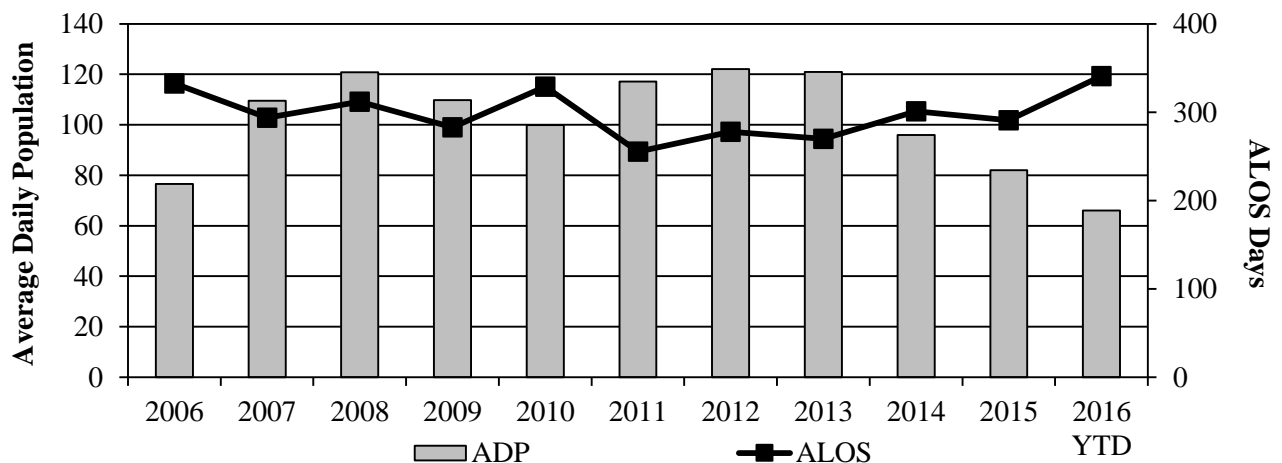
Source: Department of Juvenile Services

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. Since fiscal 2014, the percent of youth placed in out-of-state commitments represents approximately 11% of the total committed population. This expansion 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, 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 2015, an average of 631 youth was committed to an in-state residential placement, with 393 of those youth placed in privately operated programs.

The overall decline in all facets of the 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 10**. 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. Since fiscal 2013, the out-of-state population has declined by an ADP of 39 youth, or 32%. Preliminary data from fiscal 2016 shows a continued decline to an out-of-state ADP of 66 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 10
Out-of-state Committed Residential Population
Average Daily Population and Length of Stay
Fiscal 2006-2016 Year-to-date



ADP: average daily population
ALOS: average length of stay
YTD: year-to-date

Note: Fiscal 2015 data is through December 2014.

Source: Department of Juvenile Services

DJS is modifying its State-operated facility complement in fiscal 2017. The department is closing the William Donald Schaefer House (WDSH), a 19-bed substance abuse treatment facility for male youth in Baltimore City, due to cost containment. The closure of this facility is discussed in further detail in the budget section of this analysis. In addition, DJS is implementing physical plant changes to increase the security level at the Savage Mountain Youth Center, located in the Western Region. With the anticipated addition of a fence around the facility's perimeter, Savage Mountain Youth Center will upgrade to a hardware secure facility. In order to achieve the appropriate youth-to-staff ratio for a hardware secure facility, the rated capacity will be reduced from 36 to 24 beds. Total State-operated hardware secure beds will increase to 72 beds. Operating Savage Mountain Youth Center as a hardware secure facility provides the department with an additional in-state option to accommodate youth who pose a flight risk at a less secure facility. **DJS should comment on its decision to increase the security level at Savage Mountain Youth Center and the impact this change will have on departmental operations and services provided to committed youth.**

4. Recidivism Rates

Exhibit 11 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 11
Recidivism Rates to the Juvenile Justice and Criminal Justice System for Youth Released from Residential Placements within Two and Three Years of Release
Fiscal 2012-2013 (%)

	2012		2013	
	<u>2 Years</u>	<u>3 Years</u>	<u>2 Years</u>	<u>3 Years</u>
Rearrest Juvenile/Adult	64	71	62	
Readjudication/Conviction	34	40	32	
Recommitment/Incarceration	28	35	26	

Note: Beginning with fiscal 2012 data, the Department of Juvenile Services refined recidivism methodology to include only misdemeanor and felony offense toward recidivism count.

Source: Department of Juvenile Services; Department of Legislative Services

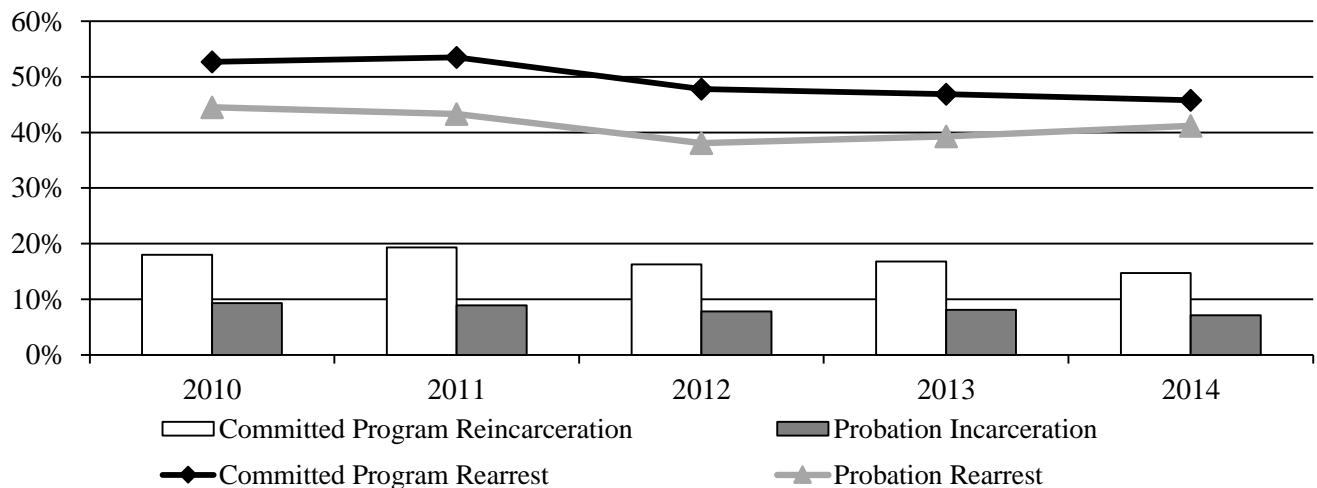
Beginning with fiscal 2012 releases, DJS has revised its recidivism methodology. First, the date used to report the event is now based on the date of offense (for juvenile offenses) or arrest (for adult

charges), rather than the date of any resulting court decision or placement. Previously, the department used the date of court action or placement for reporting recidivism beyond the offense level. In addition, recidivism data now only includes misdemeanor and felony offenses. Technical violations, citations, and other nondelinquent referrals are no longer counted. As a result of these changes, recidivism data prior to fiscal 2012 is no longer comparable.

Fiscal 2012 releases are now the only year of data available with a three-year recidivism rate. For those youth, nearly three-quarters (71.4%) were rearrested within three years of release. Approximately 40.0% were reconvicted and 35.0% were reincarcerated. When comparing the reoffending pattern at 24 months for youth released in fiscal 2012 and 2013, the fiscal 2013 releases had the lowest recidivism rates in all three categories.

Exhibit 12 illustrates the percentage of youth who are rearrested 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. For the purpose of analyzing long-term trends, DJS recalculated one-year recidivism rates beginning with fiscal 2010 releases. 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.

Exhibit 12
One-year Recidivism Rate for Committed Program Releases and
Probation Placements
Fiscal 2010-2014



Source: Department of Juvenile Services, *Fiscal 2015 Data Resource Guide*

Youth released from committed residential programs are rearrested and reincarcerated at a higher rate than youth under supervision in the community. For fiscal 2014 releases, 46% of youth released from a committed residential placement were rearrested within 12 months of release versus 41% of youth placed on probation. Similarly, the one-year reincarceration rate for committed youth was 15% compared to 7% for probationers. Lower recidivism rates for youth on probation should be expected, as these youth often have less history of DJS involvement and are lower risk offenders.

In comparing year-to-year changes, recidivism rates by all measures have been generally declining since fiscal 2011, with fiscal 2014 having the lowest recidivism rates overall. In looking further, recidivism data reported by DJS in its *Data Resource Guide* indicates that males have a higher recidivism rate than females, and black youth had the highest rates for all recidivism measures. Not surprisingly, youth identified as higher risk according to the department's assessment tool also had higher recidivism rates for rearrest, reconviction, and reincarceration. In terms of recidivism by type of program, for fiscal 2014 releases, State-operated facilities had the highest rearrest and reconviction rates, followed closely by out-of-state programs. The rankings were reversed for reincarceration rates.

Fiscal 2016 Actions

Assumed Reversions

The Governor's fiscal 2017 budget submission includes an assumed fiscal 2016 general fund reversion of \$3 million from DJS. Funds appropriated in fiscal 2015 were encumbered by the department for the upgrade of its Automated Statewide System of Information Support Tools (ASSIST) client database; however, oversight of the project has been transferred to the Department of Information Technology (DoIT), with funding for the project flowing through the State's Major Information Technology fund. As such, the department never had a specific contract in place requiring commitment of the \$3 million and the funds will, therefore, be reverted in fiscal 2016.

This was part of a larger issue brought to light in an Office of Legislative Audits' (OLA) special report dated February 2, 2016, covering the *Statewide Review of Budget Closeout Transactions for Fiscal Year 2015*. According to the OLA report, DJS inappropriately recorded encumbrances instead of cancelling unspent general fund appropriations totaling approximately \$9.7 million, including the \$3.0 million for the ASSIST project. This practice violated the yearly closing instructions of the Comptroller of Maryland – General Accounting Division, since the encumbrances did not represent actual fiscal year-end commitments by the State for goods and services and consequently would not qualify as valid encumbrances. As of June 30, 2015, DJS was in the process of completing a number of procurements but did not have approved contracts in place to support the encumbrance of these appropriations. Consequently, the encumbrances should not have been recorded, and the related appropriations should have been canceled so that the funds could revert to the General Fund. **DLS recommends DJS revert the entire \$9.7 million in inappropriately encumbered fiscal 2015 funds.**

Cost Containment

The fiscal 2016 budget included a 2% across-the-board reduction to ongoing general fund operating expenses. For DJS, this reduction totaled nearly \$5.9 million. These savings were achieved by reducing funding for residential per diems in line with population declines. As illustrated in the previously discussed population data, fewer youth are being placed out-of-home by courts. As such, the reduction in per diem funding did not impact DJS operations.

Proposed Budget

Exhibit 13 illustrates how the department's fiscal 2017 allowance increases by nearly \$2.1 million, or 0.7%, when compared to the fiscal 2016 working appropriation.

Exhibit 13
Proposed Budget
Department of Juvenile Services
(\$ in Thousands)

How Much It Grows:	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2015 Actual	\$274,769	\$3,658	\$7,889	\$165	\$286,480
Fiscal 2016 Working Appropriation	279,147	4,906	7,361	220	291,635
Fiscal 2017 Allowance	<u>284,751</u>	<u>3,864</u>	<u>4,836</u>	<u>247</u>	<u>293,698</u>
Fiscal 2016-2017 Amount Change	\$5,604	-\$1,042	-\$2,525	\$27	\$2,063
Fiscal 2016-2017 Percent Change	2.0%	-21.2%	-34.3%	12.1%	0.7%

Where It Goes:

Personnel Expenses

Employees' Retirement System.....	\$3,511
Employee and retiree health insurance	3,120
Overtime expenses.....	1,510
Salaries and other compensation.....	1,169
Other fringe benefit adjustments.....	677
Workers' compensation premium assessment	-144
Turnover adjustments	-323
Abolished/transferred positions	-355

Programmatic Changes

Community-based programming	1,923
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Where It Goes:

Contractual mental health evaluations	201
Behavioral health services	-239
Evidence-based services programs	-741
Residential per diem placements	-10,127

Other Changes

Building repairs and maintenance.....	1,071
Contractual employment	552
Education facility enhancements	457
Case management system programming and upgrades	457
Other	310
GPS equipment rental based on population decline.....	-179
LEA reimbursement for education services provided to youth in DJS facilities	-256
Closure of William Donald Schaefer House (nonpersonnel expenditures)	-531

Total **\$2,063**

DJS: Department of Juvenile Services

GPS: global positioning system

LEA: local education agencies

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

Across-the-board Reductions

The fiscal 2017 budget bill includes an across-the-board reduction for employee health insurance, based on a revised estimate of the amount of funding needed. This agency's share of these reductions is \$575,868 in general funds and \$4,501 in federal funds. There is an additional across-the-board reduction to abolish positions statewide, but the amounts have not been allocated by agency.

Personnel Expenses and Staffing Issues

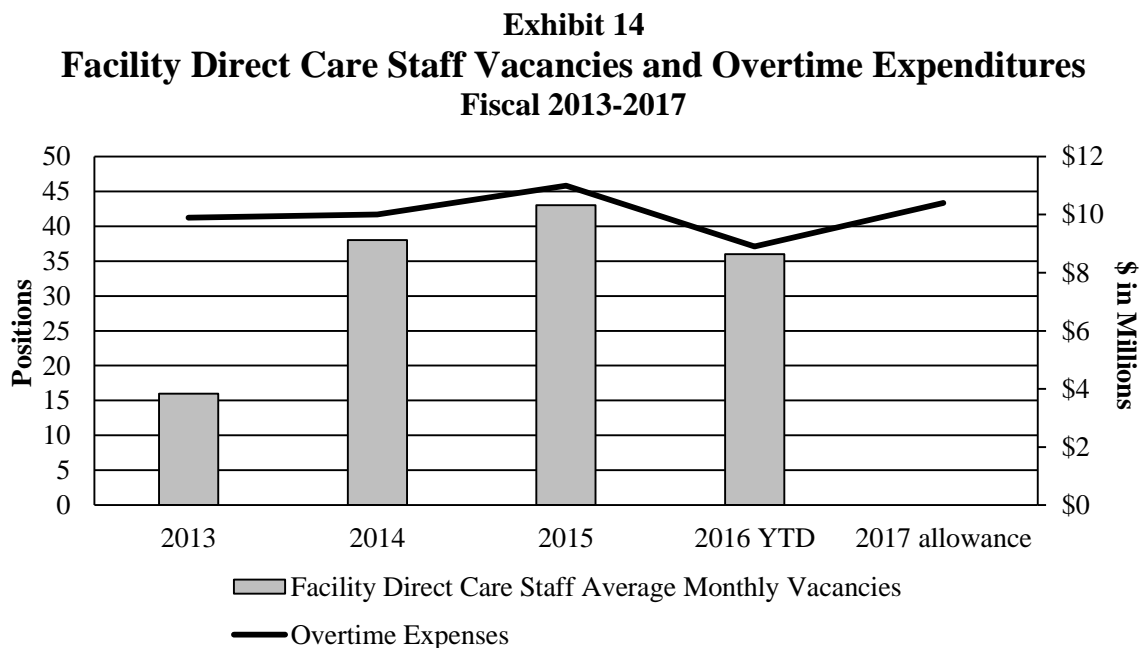
Personnel expenses grow by a net \$9.2 million in fiscal 2017. Employee increments, totaling \$2.8 million, are currently budgeted in the Department of Budget and Management. The primary drivers of the increase in the DJS allowance are payments for health insurance and retirement costs, which increase \$3.1 million and \$3.5 million, respectively. In addition, the department receives an additional \$1.2 million for employee salaries resulting from efforts by the department to retain contractual facility direct care and case management staff through the probationary period and convert them to above entry-level regular positions.

Four regular positions are abolished in the fiscal 2017 allowance. Those positions have associated costs totaling approximately \$355,000. Two of the positions are associated with the closure

of WDSH in Baltimore City. Those positions are currently filled; however, the employees in those positions will be transferred to existing vacant positions at other facilities. The remaining 2 positions are abolished due a new statewide initiative to consolidate information technology (IT) services within DoIT. This new shared services initiative is discussed in greater detail in the DoIT analysis. **DJS should comment on how the loss of the two IT positions will impact departmental operations.**

At the close of calendar 2015, DJS had 242 regular positions vacant, nearly 12.0% of its total personnel complement. This is approximately 96 positions more than what will be required to meet a fairly high budgeted turnover rate of 7.1% in fiscal 2017. High vacancy rates, particularly among facility direct care employees, have a number of negative consequences for the department, including increased overtime expenses and employee morale issues. Funding for employee overtime increases by approximately \$1.5 million in fiscal 2017, indicative of staffing issues returning to the department.

Exhibit 14 compares vacancy data for facility direct care employees to overtime expenses since fiscal 2013. When direct care vacancies increase, overtime expenses rise as well. Between fiscal 2014 and 2015, the average number of direct care positions vacant each month increased by 13.2%, requiring an additional \$1.0 million in overtime spending. Through the first six months of fiscal 2016, average monthly vacancies have fallen back to slightly below fiscal 2014 levels, allowing for a similar decrease in overtime funding. The fiscal 2017 overtime budget is based on the most recent year of actual spending, fiscal 2015. **DJS should comment on whether the increased vacancies and overtime costs experienced in fiscal 2015 were an anomaly or the start of a growing trend.**

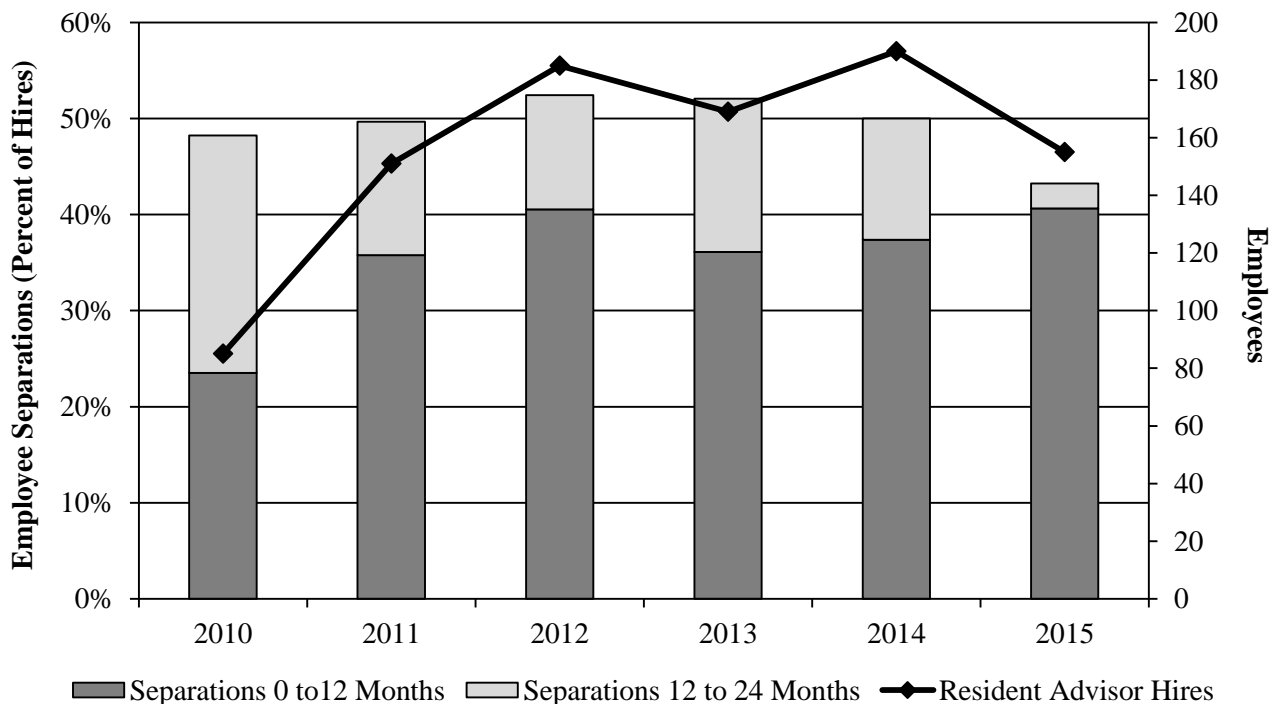


YTD: year-to-date

Source: Department of Juvenile Services

Retention of direct care employees continues to be the most significant staffing issue faced by the department. **Exhibit 15** compares the number of resident advisor positions hired each year to the percent leaving DJS service within 12 and 24 months. Through improvements in advertising and outreach, coupled with streamlining the hiring process, DJS has greatly improved its recruitment. Despite recent fluctuations, the 155 individuals hired in fiscal 2015 reflects an 82% increase over the number of new hires in fiscal 2010. Unfortunately, over 40% of those new hires have already left the department. This has a direct correlation with the changes in overtime illustrated in Exhibit 14.

Exhibit 15
Direct Care Facility Staff
Employee Hires vs. Separations within 12 and 24 Months
Fiscal 2010-2015



Source: Department of Juvenile Services

Programmatic Changes

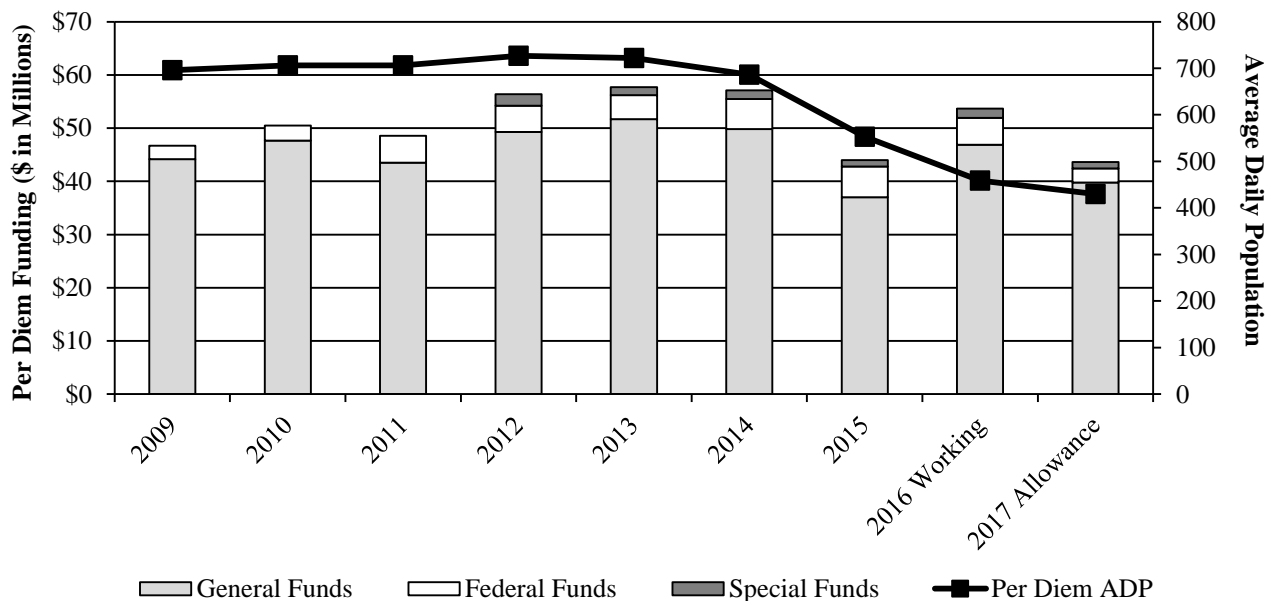
In total, fiscal 2017 funding for residential and community-based programs decreases by nearly \$9.0 million. General fund spending decreases by a net 8.9%, or \$6.5 million, to \$66.6 million when compared with fiscal 2016. The special fund allowance reflects a \$584,000 decrease to bring budgeted

revenue collected from local education agency reimbursements in line with historical actual expenditures. Federal funds decline by 48.1%, or \$2.4 million, due to lost Medicaid revenue.

Residential Per Diems

Exhibit 16 provides funding and population detail for residential per diem placements since fiscal 2009. In fiscal 2015, DJS spent \$44.0 million to place an average of 553 youth in contractual residential programming each day. The fiscal 2016 working appropriation is approximately \$53.7 million, including \$46.9 million in general funds. This reflects an increase of approximately \$9.6 million above fiscal 2015 actual expenditures, despite a decrease in the per diem ADP of 94 youth. Per diem placements have declined dramatically since fiscal 2012. As the declines experienced in other parts of the juvenile justice system have trickled through to out-of-home placements, the need for contractual residential programs has declined. If this downward trend remains, as the department has assumed in its fiscal 2017 budget, the fiscal 2016 appropriation for residential per diems would appear to be overfunded. **The Department of Legislative Services (DLS) would anticipate DJS to revert as much as \$10.0 million in general funds at the close of fiscal 2016, unless some portion of this funding is required to support increased overtime expenses for facility staff due to the previously discussed staffing issues.**

Exhibit 16
Residential Per Diem Placement Funding and Per Diem Average Daily Population
Fiscal 2009-2017



ADP: average daily population

Source: Governor's Fiscal 2017 Allowance; Department of Juvenile Services

The fiscal 2017 allowance is budgeted at \$43.6 million, an increase of approximately \$400,000 above fiscal 2015 actual expenditures; however, DJS is anticipating only needing to fund a per diem ADP of 430 youth, which is more than 120 youth below the actual ADP of 553 youth in fiscal 2015. This would indicate that the fiscal 2017 allowance for residential per diems is also slightly overfunded; however, there are arguments for maintaining fiscal 2017 per diem funding at its budgeted level. As previously discussed, DJS is absorbing a growing population of youth who are pending action from the adult court system in its detention centers. In addition, despite the fact that fiscal 2015 and year-to-date data for fiscal 2016 reflect population levels across all aspects of the DJS system at historically low levels, it is reasonable to suspect that at some point, the decline will cease. At that point, additional resources may be necessary. **DJS should comment on whether there are any indicators suggesting the downward trends will continue or if populations are expected to increase in the near future.**

DJS Prohibited from Claiming Federal Residential Rehabilitation Funds

The Department of Health and Mental Hygiene notified DJS in March 2015 of a new Medicaid regulation that would prohibit DJS from claiming residential rehabilitation funds for DJS youth in therapeutic group homes and treatment foster care. This change is necessitated by a 2008 federal audit that required the State to revamp its residential rehabilitation program. To date, sufficient progress has not been made by the State to improve the rate-setting process. The resulting impact from the change in regulation is the loss of \$2.4 million in federal funding in fiscal 2016 and future years.

As evidenced in the population discussion earlier in this analysis, out-of-home commitments experienced a substantial decrease in fiscal 2015, with preliminary fiscal 2016 data indicating a continued decline. Because of the unanticipated drop in committed placements, DJS is able to absorb the loss of federal revenue in fiscal 2016 and 2017 without the need for additional general funds.

The Interagency Rates Committee (IRC), continuing work that began with committee narrative from the 2013 *Joint Chairmen's Report*, is preparing for a change in the rate structure that will go into effect for rates set for fiscal 2017. One of the recommendations that resulted from the request to review the rate-setting process was to develop a new rate structure that (1) allows for flexibility and innovation in order to meet the needs of the child; (2) establishes a link between rates and performance; and (3) maximizes federal financial participation. The continued work on this issue, through the Rate Reform Workgroup, has led to plans to unbundle clinical and family supports from the room/board/supervision rate. It is believed that the unbundling of the rates will allow for billing of Medicaid rehabilitative services to resume in the future. The rate methodology is expected to be finalized by early April 2016. It is not clear how this new rate structure, when finalized, will impact the fiscal 2017 payments to providers and the budgets of State agencies that pay the rates set by IRC.

Community- and Evidence-based Programming and Services

Funding for evidence-based services (EBS) decreases by approximately \$741,000 in fiscal 2017. A total of \$3.5 million is provided to support 268 treatment slots assuming a 90% utilization rate. The reduction in funding in the allowance reflects efforts to align the budget with actual expenditures and demand for program services.

Offsetting the reduction in EBS programs is a \$1.9 million increase in funding for other community-based per diem programming. Unlike funding for residential per diems, budgeting for nonresidential programming is not based on a specific population statistic. The department's goal is to identify and address treatment needs of youth in the community using whatever proven programs are available. The increase in fiscal 2017 is due to programs being added to address more specific needs as DJS attempts to improve its aftercare resources. Specifically, the fiscal 2017 allowance provides for increased funding to the Institute for Family Centered Services, the Youth Advocate Program, Detention Risk Alternative Program, and Living Classrooms.

Mental Health Evaluations

The fiscal 2017 allowance includes \$1 million for contractual mental health evaluations, an increase of approximately \$201,000 compared to fiscal 2016 and \$422,000 above fiscal 2015 actual expenditures. This increase is in contrast to the expectation that spending for evaluation contracts would decline once DJS fully implemented its Multi-Disciplinary Assessment Staffing Team (MAST) initiative to provide in-house staff to complete comprehensive assessments to youth who are committed to DJS and are being considered for out-of-home placement. The increase in fiscal 2017 brings funding for contractual evaluations up to the pre-MAST level. According to DJS, current projections put fiscal 2016 expenditures just above fiscal 2015 due to an increase in psychiatric evaluations for sex offenders and Certificates of Need, which cannot be done by MAST personnel. **DLS recommends reducing funding for contractual evaluation in line with anticipated fiscal 2016 expenditures.**

Other Significant Changes

Facility Improvements

DJS receives an additional \$1.1 million in fiscal 2017 to fund building repairs and maintenance projects. According to the department, facility maintenance has been historically underfunded, which has created an annual maintenance backlog in excess of \$2.0 million. The additional funding provided in fiscal 2017 increases the department's maintenance budget to \$2.5 million. Projects slated to receive funding in fiscal 2017 are related to safety and security enhancements or address programming space needs. In addition, the allowance includes \$457,000 to fund additional education trailers for use by the Maryland State Department of Education (MSDE). The purpose of this funding is discussed in greater detail in the Issues section of this analysis.

Closure of William Donald Schaefer House

Offsetting this increase is a \$531,000 reduction in nonpersonnel expenses that results from the permanent closure of WDSH. When combined with the 2 abolished positions associated with the closure, anticipated savings total approximately \$800,000. WDSH is a residential substance abuse treatment program for up to 19 male youth. The treatment program lasts up to 120 days and serves male youth between the ages of 13 and 18. The treatment program is accredited by the Alcohol and Drug Abuse Administration. In addition to substance abuse treatment services, youth residing at WDSH attend school in an onsite classroom and a classroom located in a building next to the facility. Youth attend school year round, five days a week for six hours a day, with services provided by MSDE.

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The ADP for the facility in fiscal 2015 was 12 youth. DJS intends to provide the same services to those youth through the existing substance abuse treatment program at Meadow Mountain Youth Camp in the Western Region. With WDSH having opened in 1972 as the Group Home for Boys, the aging facility and small capacity made the continued operation of the program fiscally inefficient. From a financial perspective, closure of the facility may be the appropriate action; however, closing WDSH does limit available committed bed space in Baltimore City, a jurisdiction that accounted for 20% of total committed placements in fiscal 2015.

DJS should discuss the decision to close WDSH in fiscal 2017, including the timeline for closure and how this will impact facility staff and youth participants, as well as available drug treatment and other committed bed space throughout the department.

Issues

1. Juvenile Services Education Needs Improvement

As a result of legislation enacted by the General Assembly in 2003, MSDE began the process of assuming responsibility for the provision of education services to all State-operated DJS detention and committed care facilities in fiscal 2005. The last of 14 facilities was transferred in fiscal 2013. The assumption at the time the legislation was enacted was that MSDE, being the overseer of education services for the State, was better positioned to ensure the provision of adequate education services to the population of youth under the care of DJS. With the takeover of each facility, MSDE repeatedly indicated that additional resources were needed to improve the delivery of education services to DJS youth. In most instances, however, the department received the equivalent of the resources previously budgeted in DJS with no increase. Concerns have again been raised questioning whether MSDE is providing the appropriate level of services to students in DJS facilities.

Concerns

Evaluation of whether services have improved under MSDE has been an ongoing issue throughout the decade of transition. Past attempts at analysis have focused on student performance outcomes as a means of evaluation. This has proven difficult, however, as both MSDE and DJS are unable to provide comparable data measures. The recent concerns focus more on program operation and whether students are getting the proper services and educational support. Specific concerns raised repeatedly by the Juvenile Justice Monitoring Unit, within the Attorney General's Office, and other sources include:

- lack of postsecondary, vocational, and work opportunities;
- grouping classes by living unit as opposed to skill level;
- high vacancy rates and turnover for facility staff and a lack of a substitute system;
- space limitations due to the physical plant and age of the DJS facilities;
- adherence to students' Individualized Education Programs (IEP); and
- recordkeeping and transition services between DJS facility schools and local school systems.

MSDE has acknowledged the validity of these concerns, although the department does note improvements have been made since the assumption of DJS education programs was complete. For example, all 14 DJS facilities have Internet access and provide at least 3 Career Technology Education programs leading toward an industry recognized certification. Youth at Backbone Mountain Youth Center have long had the opportunity to complete postsecondary education coursework through Garrett Community College, and MSDE is looking to expand those opportunities to other community colleges.

Additional Resources Provided

Addressing some of these concerns may, ultimately, prove difficult due to the nature of the population. Security concerns for the students and staff, the short length of stay for some students, and having a State agency operate the equivalent of a local school system are a few of the obstacles acknowledged by both departments as impeding the delivery of education services. The fiscal 2017 allowance does, however, provide additional resources in both the MSDE and DJS budgets to address the concerns.

DJS receives an additional \$457,000 to improve the educational facilities. Funding for the MSDE Juvenile Services Education (JSE) unit increases by \$3 million in fiscal 2017, of which \$2 million is specifically provided to enhance staffing to address the identified concerns. The increased funding will provide 20 new positions and turnover relief, allowing MSDE to hire an additional 40 staff. MSDE anticipates that the additional staff and resources will allow it to:

- double the number of IT staff dedicated to JSE schools;
- eliminate turnover expectancy for all teacher positions to allow for improved hiring;
- provide 4 new special education teachers;
- provide every school with at least 1 counselor;
- hire 12 instructional assistants to help teachers provide individualized instruction as students are coming from different grades, schools, and classrooms;
- hire substitutes so that classes are not canceled due to teacher leave/illness;
- provide JSE administration with one budget person to help them manage the finances of 14 schools; and
- replace two vehicles and buy one new vehicle to help transport students.

The goal is to utilize the additional IT staff to help improve communications regarding student records. Filling existing vacancies and enhancing teaching staff through additional special education teachers and instructional assistants will help improve adherence to IEPs. Retaining substitute teachers will ensure better continuation of coursework without lost class time for students. Addressing these facility and staffing issues is a key first step to improving the other areas of concern and ultimately improving student performance and the level of services provided. In addition, better communication between MSDE and DJS and the local school systems is a necessity.

DLS recommends budget language requiring MSDE and DJS to submit biannual monitoring reports to the budget committees on the advancements made toward addressing the

concerns raised in this issue, the level of communication between the agencies and with local school systems, and how the additional resources provided in the fiscal 2017 allowance have been utilized. In addition, DLS recommends MSDE and DJS develop measures evaluating the performance of the program, in addition to student performance. Example measures could include average length of time to transition student records between a JSE school and a local school; teacher vacancy rates and length of tenure; contacts with local school system liaisons to support student transition into the community; students participating in postsecondary opportunities, *etc.*

Recommended Actions

- | | <u>Amount
Reduction</u> | |
|---|------------------------------------|----|
| 1. Reduce funding for contractual evaluations in line with fiscal 2016 budgeted amount. | \$ 201,000 | GF |
| 2. Add the following section: | | |

SECTION XX. AND BE IT FURTHER ENACTED, That \$100,000 of the general fund appropriation within the Department of Juvenile Services (DJS) and \$100,000 of the general fund appropriation within the Juvenile Services Education (JSE) unit of the Maryland State Department of Education (MSDE) may not be expended until:

(A) DJS and MSDE jointly submit a report to the budget committees on:

- (1) The advancements made toward addressing the following concerns with DJS education services:
 - (a) lack of postsecondary, vocational, and work opportunities;
 - (b) grouping classes by living unit as opposed to skill level;
 - (c) high vacancy rates and turnover for facility staff and a lack of a substitute system;
 - (d) space limitations due to the physical plant and age of the DJS facilities;
 - (e) adherence to students' Individualized Education Programs (IEP); and
 - (f) recordkeeping and transition services between DJS facility schools and local school systems.
- (2) The mechanisms for ensuring proper communication between MSDE, DJS, and local school systems, particularly when a lack of services has been identified or a complaint has been lodged.
- (3) A detailed accounting of how the additional resources provided in the fiscal 2017 allowance have been utilized and the impact those resources have had on the delivery of education services.

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- (4) The development of measures evaluating the performance of the JSE program, to include but not be limited to the following measures:
- (a) average length of time to transition student records between a JSE school and a local school system;
 - (b) teacher vacancy rates and length of tenure;
 - (c) contacts with local school system liaisons to support student transition into the community;
 - (d) students participating in postsecondary opportunities and vocational opportunities; and
 - (e) the number of classroom hours canceled due to the unavailability of a teacher or substitute.

Provided that the report shall be submitted to the budget committees no later than November 15, 2016, with follow-up reports submitted biannually; and

- (B) Data for the identified performance measures shall be included in the Department of Juvenile Services annual Managing for Results performance measure submission beginning with the fiscal 2018 allowance submitted in January 2017.

The budget committees shall have 45 days to review and comment from the date of each submission. It is the intent of the budget committees that \$50,000 be released to each agency upon receipt and approval of the November 2016 report. The remaining \$50,000 shall be released from each agency upon satisfactory submission of the performance measure data with the fiscal 2018 allowance. 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.

Explanation: Concerns have been raised questioning whether MSDE is providing the appropriate level of services to students in DJS facilities, particularly to students with special education needs. This language requires DJS and MSDE to work jointly to report on a regular basis to the budget committees regarding progress made toward addressing the deficiencies in the provision of education services to youth in DJS facilities. It also requires the development of performance measures to evaluate how well the program is functioning, as opposed to only evaluating student performance. The report is due by November 15, 2016, and every six months, thereafter.

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Information Request	Authors	Due Date
Improving education services for DJS youth and proposed performance measures	MSDE DJS	November 15, 2016, and biannually, thereafter
Juvenile Services Education program performance measure data	MSDE DJS	January 2017 and annually, thereafter
Total General Fund Reductions		\$ 201,000

Current and Prior Year Budgets

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

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2015					
Legislative Appropriation	\$285,697	\$4,966	\$7,133	\$140	\$297,936
Deficiency Appropriation	-202	0	0	0	-202
Cost Containment	-9,630	0	0	0	-9,630
Budget Amendments	1,092	0	760	63	1,915
Reversions and Cancellations	-2,188	-1,308	-3	-38	-3,538
Actual Expenditures	\$274,769	\$3,658	\$7,890	\$165	\$286,481
Fiscal 2016					
Legislative Appropriation	\$276,773	\$4,906	\$7,343	\$220	\$289,243
Budget Amendments	2,374	0	18	0	2,392
Working Appropriation	\$279,147	\$4,906	\$7,361	\$220	\$291,635

Note: The fiscal 2016 working appropriation does not include deficiencies or reversions. Numbers may not sum to total due to rounding.

Fiscal 2015

DJS expended nearly \$286.5 million in fiscal 2015, a decrease of approximately \$11.5 million from the legislative appropriation.

General fund expenditures totaled nearly \$274.8 million in fiscal 2015, reflecting a decrease of approximately \$10.9 million when compared to the legislative appropriation.

- A negative deficiency appropriation reduced the legislative appropriation by \$202,000 to reflect the level funding of residential provider rates at the fiscal 2014 amount.
- Cost containment actions further decreased the legislative appropriation by \$9.6 million. This included a 2% reduction in agency operating expenses (\$5.7 million); decreased funding for contractual programs, services, and residential per diems based on a decrease in population (\$3.0 million); and the elimination of 12 vacant positions (\$900,000).
- Budget amendments provided a net increase of nearly \$1.1 million. A \$2.3 million increase for cost-of-living adjustments (COLA) and an annual salary review for direct care workers was offset by the loss of \$1.1 million through the Voluntary Separation Program and \$88,000 from the statewide realignment of telecommunication funding.
- The department reverted nearly \$2.2 million in general funds at the close of fiscal 2015. Unexpended funding for community-based programs and residential per diems due to population declines accounted for the majority of the reversion.

Special fund expenditures totaled \$3.7 million in fiscal 2015, a decrease of approximately \$1.3 million from the legislative appropriation. The department canceled \$1.3 million at the close of fiscal 2015 based on actual collections from local education agencies for youth receiving education services while in a DJS facility.

Federal fund expenditures totaled \$7.9 million in fiscal 2015, an increase of \$757,000 from the legislative appropriation. Budget amendments provided an additional \$9,619 for the employee COLA and \$750,000 in recognition of additional federal revenue from Title IV-E and Medicaid based on projected billings. At the close of fiscal 2015, DJS canceled approximately \$3,000 in federal funds.

Reimbursable fund expenditures totaled \$165,000 at the close of fiscal 2015. The department received an additional \$63,000 in grant funding from the Governor's Office of Crime Control and Prevention to fund the implementation of the Prison Rape Elimination Act. This was offset by the cancellation of approximately \$38,000 in unexpended grant funds.

Fiscal 2016

The fiscal 2016 working appropriation reflects an increase of nearly \$2.4 million in general funds and \$18,000 in federal funds over the legislative appropriation. This increase is attributable to the redistribution of funds to restore employee salaries, from funds restricted by Section 48 of the fiscal 2016 budget bill.

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

<u>Object/Fund</u>	<u>FY 15 Actual</u>	<u>FY 16 Working Appropriation</u>	<u>FY 17 Allowance</u>	<u>FY 16 - FY 17 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	2,055.05	2,055.05	2,051.05	-4.00	-0.2%
02 Contractual	159.07	142.00	141.50	-0.50	-0.4%
Total Positions	2,214.12	2,197.05	2,192.55	-4.50	-0.2%
Objects					
01 Salaries and Wages	\$ 160,982,883	\$ 163,957,971	\$ 173,703,679	\$ 9,745,708	5.9%
02 Technical and Spec. Fees	5,968,419	5,413,436	5,965,736	552,300	10.2%
03 Communication	2,960,910	2,736,991	2,789,215	52,224	1.9%
04 Travel	1,087,471	975,628	1,062,671	87,043	8.9%
06 Fuel and Utilities	4,497,022	4,712,195	4,680,049	-32,146	-0.7%
07 Motor Vehicles	1,872,403	2,093,241	2,081,230	-12,011	-0.6%
08 Contractual Services	94,031,305	96,771,080	88,511,838	-8,259,242	-8.5%
09 Supplies and Materials	7,037,296	6,831,952	6,751,013	-80,939	-1.2%
10 Equipment – Replacement	1,387,678	817,379	1,059,659	242,280	29.6%
11 Equipment – Additional	505,981	347,271	17,812	-329,459	-94.9%
12 Grants, Subsidies, and Contributions	2,514,053	3,159,405	2,910,231	-249,174	-7.9%
13 Fixed Charges	3,593,827	3,779,467	4,249,167	469,700	12.4%
14 Land and Structures	41,221	38,798	495,707	456,909	1177.7%
Total Objects	\$ 286,480,469	\$ 291,634,814	\$ 294,278,007	\$ 2,643,193	0.9%
Funds					
01 General Fund	\$ 274,768,951	\$ 279,147,495	\$ 285,326,909	\$ 6,179,414	2.2%
03 Special Fund	3,657,541	4,906,381	3,864,096	-1,042,285	-21.2%
05 Federal Fund	7,889,190	7,360,726	4,840,172	-2,520,554	-34.2%
09 Reimbursable Fund	164,787	220,212	246,830	26,618	12.1%
Total Funds	\$ 286,480,469	\$ 291,634,814	\$ 294,278,007	\$ 2,643,193	0.9%

Note: The fiscal 2016 working appropriation does not include deficiencies or reversions. The fiscal 2017 allowance does not include contingent reductions.

**Fiscal Summary
Department of Juvenile Services**

<u>Program/Unit</u>	<u>FY 15 Actual</u>	<u>FY 16 Wrk Approp</u>	<u>FY 17 Allowance</u>	<u>Change</u>	<u>FY 16 - FY 17 % Change</u>
01 Office of the Secretary	\$ 4,419,266	\$ 3,521,058	\$ 4,018,949	\$ 497,891	14.1%
02 Departmental Support	28,094,695	25,822,910	26,378,480	555,570	2.2%
01 Residential Operations	4,697,222	5,093,905	5,630,334	536,429	10.5%
01 Baltimore City Region Operations	59,548,818	62,394,820	60,332,313	-2,062,507	-3.3%
01 Central Region Operations	36,660,126	37,698,355	37,715,688	17,333	0%
01 Western Region Operations	48,623,706	46,568,996	50,265,637	3,696,641	7.9%
01 Eastern Region Operations	21,174,736	23,155,416	23,065,996	-89,420	-0.4%
01 Southern Region Operations	24,402,512	26,452,613	25,483,910	-968,703	-3.7%
01 Metro Region Operations	58,859,388	60,926,741	61,386,700	459,959	0.8%
Total Expenditures	\$ 286,480,469	\$ 291,634,814	\$ 294,278,007	\$ 2,643,193	0.9%
General Fund	\$ 274,768,951	\$ 279,147,495	\$ 285,326,909	\$ 6,179,414	2.2%
Special Fund	3,657,541	4,906,381	3,864,096	-1,042,285	-21.2%
Federal Fund	7,889,190	7,360,726	4,840,172	-2,520,554	-34.2%
Total Appropriations	\$ 286,315,682	\$ 291,414,602	\$ 294,031,177	\$ 2,616,575	0.9%
Reimbursable Fund	\$ 164,787	\$ 220,212	\$ 246,830	\$ 26,618	12.1%
Total Funds	\$ 286,480,469	\$ 291,634,814	\$ 294,278,007	\$ 2,643,193	0.9%

Note: The fiscal 2016 working appropriation does not include deficiencies or reversions. The fiscal 2017 allowance does not include contingent reductions.