

V10A
Department of Juvenile Justice

Operating Budget Data

(\$ in Thousands)

	<u>FY 02</u> <u>Actual</u>	<u>FY 03</u> <u>Approp</u>	<u>FY 04</u> <u>Allowance</u>	<u>FY 03-04</u> <u>Change</u>	<u>FY 03-04</u> <u>% Change</u>
General Funds	\$161,274	\$170,927	\$172,393	\$1,465	0.9%
FY 2003 Cost Containment		-8,400		8,400	
Contingent & Back of Bill Reductions		-71	-505	-434	
Adjusted General Funds	\$161,274	\$162,457	\$171,888	\$9,431	5.8%
Special Funds	148	257	248	-9	-3.5%
Federal Funds	12,909	15,243	14,769	-474	-3.1%
Reimbursable Funds	1,236	4,306	1,376	-2,930	-68.0%
Adjusted Grand Total	\$175,568	\$182,263	\$188,280	\$6,018	3.3%

- Fiscal 2003 cost containment and contingent reductions have reduced the general fund appropriation by \$8.5 million. Holes in the fiscal 2003 are visible but so is funding to fill those holes.
- The fiscal 2004 allowance is just over \$6 million (3.3%) above the adjusted fiscal 2003 appropriation.
- Funding is provided for a variety of departmental initiatives as well as new residential programming. However, funding for the Local Management Boards Youth Strategies initiative is deleted.
- Funding for the Hickey School is reduced because of the proposed takeover of education at the school by the Maryland State Department of Education (MSDE). Funding in that agency increases by \$7.5 million for this takeover.

Personnel Data

	<u>FY 02</u> <u>Actual</u>	<u>FY 03</u> <u>Working</u>	<u>FY 04</u> <u>Allowance</u>	<u>Change</u>
Regular Positions	2,122.70	1,996.20	1,961.20	-35.00
Contractual FTEs	119.00	138.40	132.90	-5.50
Total Personnel	2,241.70	2,134.60	2,094.10	-40.50

Vacancy Data: Regular Positions

Budgeted Turnover: FY 04	179.06	9.13%
Positions Vacant as of 12/31/02	427.65	21.42%

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

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- The vacancy rate of 21.42% as of December 31, 2002, is inflated by positions authorized but as yet unfilled at three new detention facilities as well as positions abolished in the fiscal 2004 allowance.
- The adjusted vacancy rate (allowing for the unfilled positions at the new facilities and the abolished positions) is still 12.5%. The department has struggled to fill its positions.
- Budgeted turnover is 9.13%, the highest in the State, and is supportable based on existing vacancies. However, the bigger issue is the impact this has on programming.

Analysis in Brief

Major Trends

Juvenile Arrest Data: Trends in arrest rates are down over the five-year period 1997 through 2001. Arrest rates for violent and serious property crimes in Maryland remain above the national average.

Complaint Resolution: The recent trend away from informal supervision to cases being resolved at intake is now well-established.

Residential Populations: The reduction in the secure detained population noted last year has been more than undermined in recent detention data. The pending placement population is also increasing.

Issues

Governor Ehrlich's Proposal to Reform Maryland's Juvenile Services System: During the gubernatorial campaign, the Governor proposed a detailed reform plan to improve the Department of Juvenile Justice (DJJ). Despite the budget situation, much of the proposal was actually funded. The reform plan is used as the starting point of discussions surrounding the future direction of the department.

Hickey School: The takeover of education services at the Hickey School by MSDE comes on the heels of a poor audit of the services provided at the school by the current provider, Youth Services International. The audit findings will be reviewed. The proposed educational programming will be outlined. The expiration of the current contract for Hickey after March 2004 serves to sharpen focus on the audit findings and proposed programming changes.

Recommended Actions

	<u>Funds</u>
1. Reduce funding for management reforms.	\$ 750,000
2. Reduce funding for office on disproportionate minority confinement.	250,000
3. Reduce funding for drug court expansion.	500,000
4. Reduce funding for mental health counselors.	900,000
5.	1,875,000

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undertaken at Victor Cullen.

6.	Reduce funding for educational activities at the Hickey School contingent on full funding of the Maryland State Department of Education takeover of the program.	500,000
7.	Reduce funding for utility costs.	350,000
8.	Delete funding for break-the-cycle program.	763,472
9.	Delete funding for evening reporting centers.	722,500
10.	Adopt narrative requesting the department to report to the committees on plans for the Hickey School.	
	Total Reductions	\$ 6,610,972

Updates

Boot Camp Settlement: In August the Board of Public Works approved a \$4.6 million settlement to a lawsuit filed following the media allegations of child abuse at the DJJ-run Youth Centers in 1999.

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Operating Budget Analysis

Program Description

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

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

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

Juvenile Arrest Data

Exhibit 1 presents certain juvenile arrest data for calendar 1997 through 2001. The data uses distinctions found in the *Uniform Crime Reports*. Part 1 arrests are arrests for murder, manslaughter, rape, robbery, felonious assault, breaking or entering, larceny-theft, motor vehicle theft, and arson. Part 2 arrests are all other arrests and include such things as vandalism, drug abuse violations, weapons offenses, and fraud. The exhibit also distinguishes Part 1 arrests between violent and property crimes.

Exhibit 1

**Juvenile Arrest Data (Age 10 through 17) – Maryland
Calendar 1997 through 2001**

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>Ann % Change 1997-2001</u>	<u>Ann % Change 2000-2001</u>
Total Arrests	52,504	52,319	48,332	48,167	48,318	-2.1	0.3
Arrest Rate	9,444.2	9,216.3	8,247.9	7,877.4	7,622.0	-5.2	-3.2
Part 1 Arrests	18,336	16,263	15,045	15,629	14,993	-4.9	-4.1
Part 1 Arrest Rate	3,298.2	2,864.8	2,567.5	2,556.0	2,365.1	-8.0	-7.5
Part 1 Arrests:							
a. Violent Crimes	3,646	3,042	2,995	3,204	3,244	-2.9	1.2
Violent Crime Rate	655.8	535.9	511.1	524.0	511.7	-6.0	-2.3
b. Property Crimes	14,690	13,221	12,050	12,425	11,749	-5.4	-5.4
Property Crime Rate	2,642.4	2,329.0	2,056.4	2,032.0	1,853.4	-8.5	-8.8
Part 2 Arrests	34,168	36,056	33,287	32,538	33,325	-0.6	2.4
Part 2 Arrest Rate	6,146.0	6,351.5	5,680.5	5,321.4	5,256.9	-3.8	-1.2

Note: Arrest rates are per 100,000 juveniles age 10 through 17.

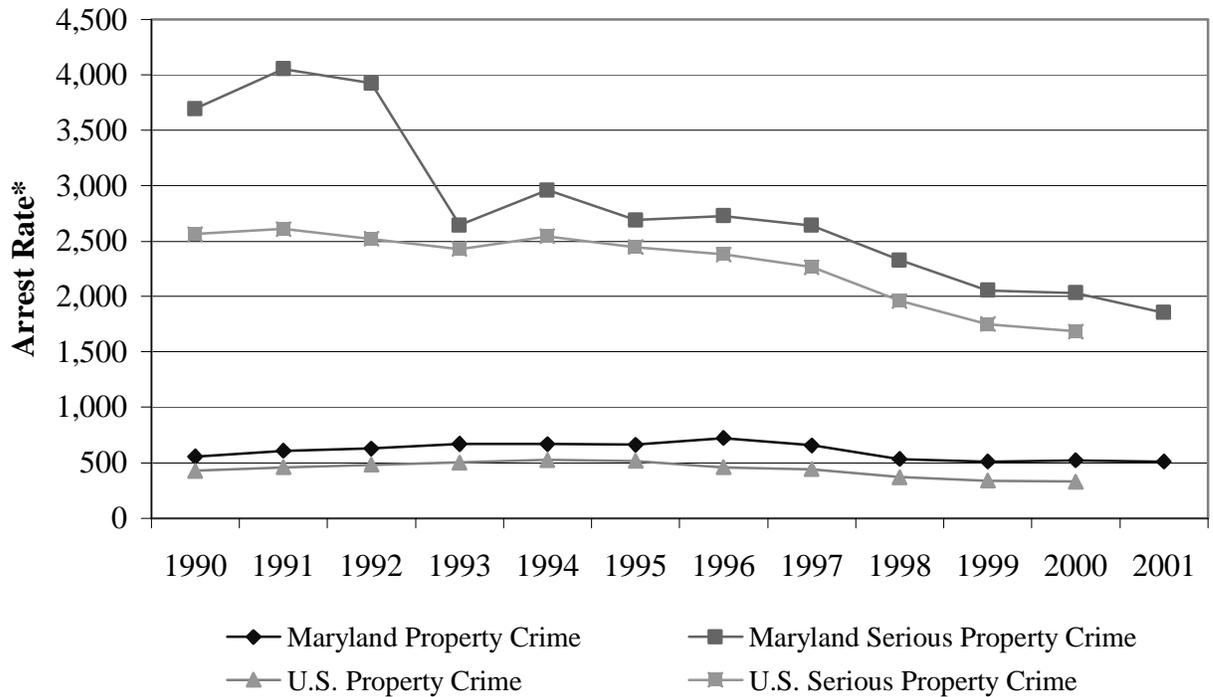
Source: U.S. Census; *Uniform Crime Reports*; Department of Legislative Services

As shown in Exhibit 1, trends over the five-year period are all declining. In absolute terms, total arrests, arrests for violent crimes, and arrests for Part 2 crimes increase from 2000 to 2001. However, the arrest rates all decline. The slight tick up in total arrests does, however, mirror a similar increase in total complaints handled by the department in the most recently completed fiscal year which would include 6 months of data from 2001.

While trends in juvenile arrests are moving downward, as shown in **Exhibit 2**, Maryland's juvenile violent and serious property crime rates remain significantly above the national average. It is important to note that although state to state comparisons do in part reflect juvenile behavior, many other local factors (for example, different policing standards, priorities, and reporting) also influence local arrest rates. Certainly the exhibit does show that in recent years Maryland's juvenile violent and serious property crime rates have declined similar to the nation as a whole, but they still remain stubbornly above the national average.

Exhibit 2

**Juvenile Violent and Serious Property Crime Index
Maryland and the U.S.
1990 through 2001**



*Arrest rate per 100,000 juveniles age 10 through 17.

Note: Data for U.S. for 2001 are not available.

Source: U.S. Census; Office for Juvenile Justice and Delinquency Prevention; *Uniform Crime Reports*; Department of Legislative Services

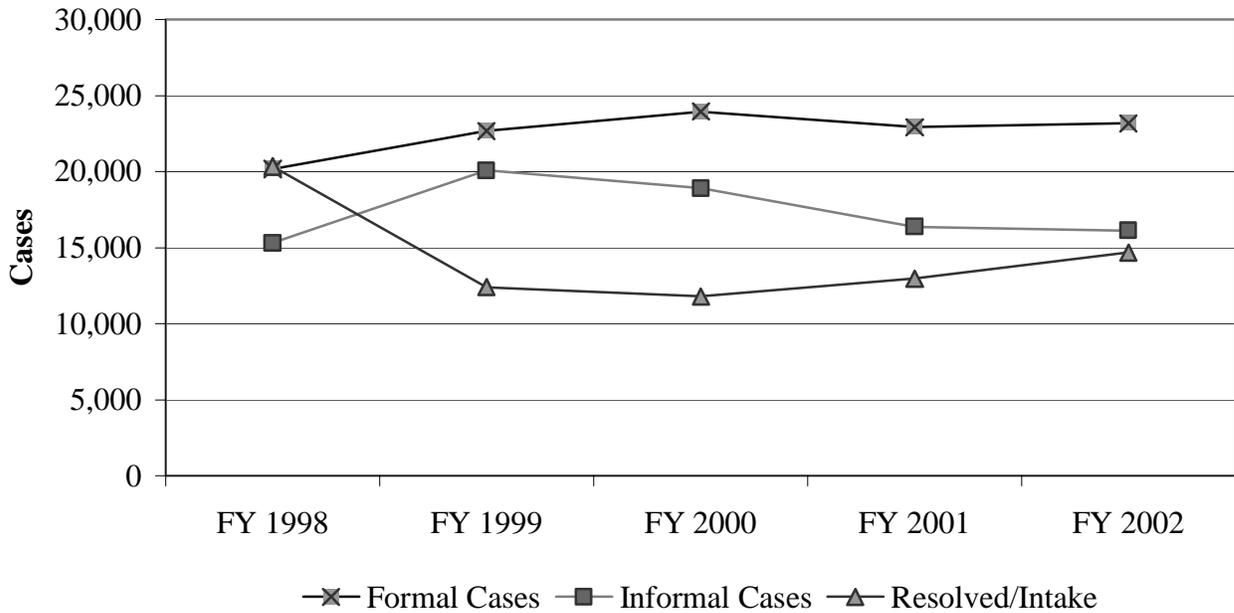
DJJ Populations

As shown in **Exhibit 3**, after falling for four successive years, the number of complaints received by the department in fiscal 2002 increased by 4.7% over fiscal 2001. Exhibit 3 also details trends in complaint disposition:

- Formal caseloads, those complaints determined by an intake officer as requiring formal court action in order to protect the public and ensure offender accountability, show little change from fiscal 2001 to 2002, growing by 1.1%.

Exhibit 3

**DJJ Complaint Disposition
Fiscal 1998 through 2002**



	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>
Formal Cases	20,183	22,667	23,955	22,928	23,178
Informal Cases	15,311	20,075	18,912	16,385	16,134
Resolved/Intake	20,343	12,410	11,792	12,965	14,677
Total	55,837	55,152	54,659	52,278	53,989
Actions not known	0	0	0	163	891

Source: Department of Juvenile Justice

- Informal caseloads decline by 1.5% from fiscal 2001 to 2002. These are complaints determined by an intake officer as requiring the youth, or the youth’s family, to seek assistance in preventing further legal violations but where the youth does not require and/or may not benefit from judicial intervention or long-term supervision. Between fiscal 1997 and 1999, formal caseloads increased sharply, a deliberate attempt by DJJ to ensure offender accountability by making an action have some consequence. However, more recently there has been a fall in these cases.

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- The trend in informal supervision is generally mirrored by a reduction in those cases resolved at intake. These are cases where it is determined that no further intervention by DJJ or the court is required to protect the public or help the youth. These cases fell dramatically in recent years from just under half of all cases in fiscal 1997 to 20% in fiscal 2000. However, again, just as the informal caseload has begun to fall, cases resolved at intake have begun to rise.
- The disposition of 891 complaints received in fiscal 2002 is still reported as unknown.

The mix of complaint disposition is a function of DJJ's decision-making at intake. DJJ is in the process of implementing a new risk assessment tool at intake, presumably to better guide decision-making. Interestingly, out-year estimates of complaint disposition do not seem to show any change in caseload mix as a result of the implementation of this tool which raises the question what the purpose of the tool is except perhaps as validating existing decision-making. Still, the current trend away from informal supervision to more cases being resolved at intake in fiscal 2001 and 2002 could be interpreted as a mollification of the previous policy of heightened offender accountability. This may reflect a deliberate policy shift or simply issues surrounding workload. **The department should indicate where it stands on this issue and what the legislature can expect to see in future complaint disposition trends.**

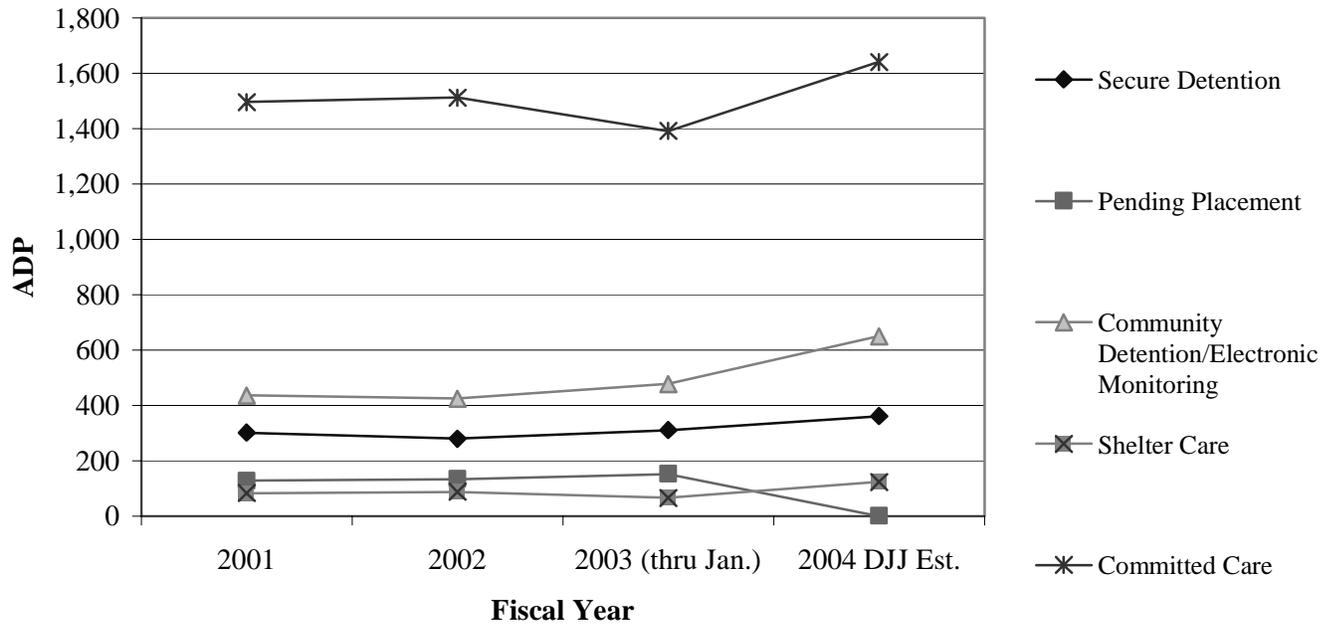
Trends in Detention, Pending Placement, Shelter Care, and Commitment

Exhibit 4 details trends in detention (community-based and secure), pending placement, shelter care, and commitment from fiscal 2001 through the estimate for 2004. A number of points can be made from the chart:

- Despite the commitment from the previous administration to reduce the population in secure detention, efforts that looked as if they were bearing some fruit when discussed in the 2002 session, the secure detention population is once again rising in fiscal 2003.
- The pending placement population appears to be rising dramatically. Additionally, the data shown in Exhibit 4 relate only to the pending placement population in secure facilities. Beginning in September 2002, DJJ began to use community detention alternatives for the pending placement population. As of December 2002, 46 youth were pending placement in the community, meaning pending placement numbers are close to 200 in the current fiscal year. This also explains part of the growth in youth in community detention (sanctioned by Chapter 406, Acts of 2002 which expanded the statutory use of community detention).
- Not only is the pending placement population increasing, but perhaps not surprisingly average-length-of-stay (ALOS) in pending placement is also once again on the rise (see **Exhibit 5**).

Exhibit 4

Trends in Residential Services
Fiscal 2001 through 2004

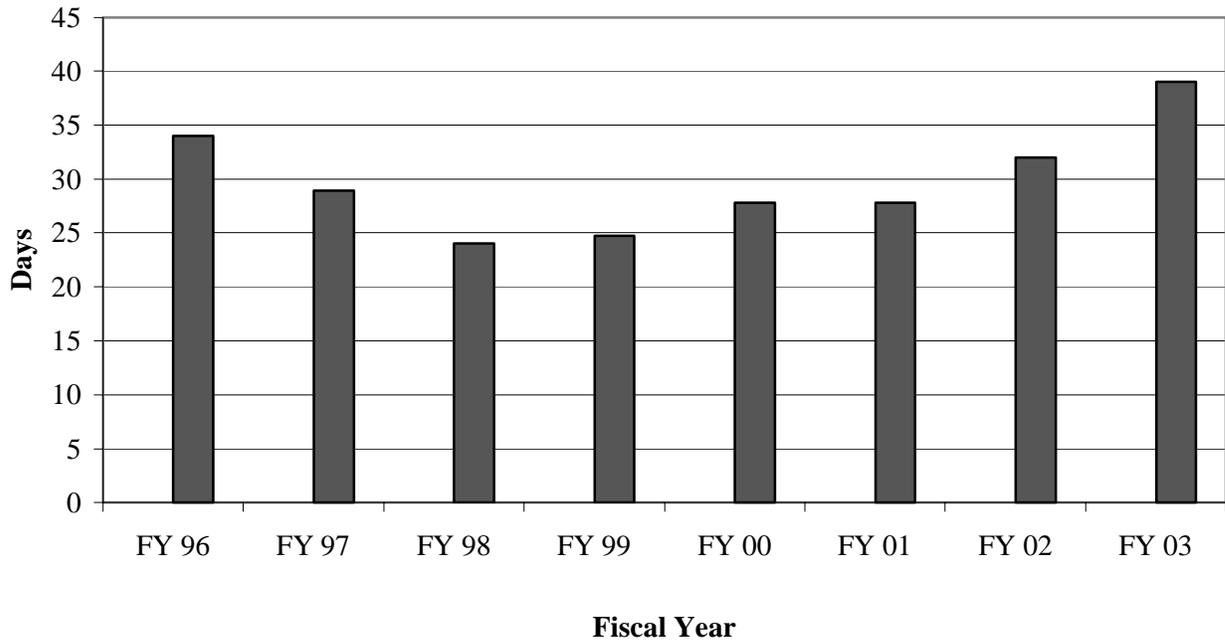


ADP – Average daily population.

Source: Department of Juvenile Justice

Exhibit 5

Department of Juvenile Justice
Pending Placement ALOS
Fiscal 1996 through 2003



Note: Fiscal 2003 data through November

Source: Department of Juvenile Justice

- DJJ’s fiscal 2004 Managing for Results (MFR) notes the elimination of youth in pending placement. This is mainly semantics. DJJ has indicated that if a youth is receiving treatment after adjudication while awaiting their ultimate placement, they should no longer be considered in “pending placement” status. The Department of Legislative Services (DLS) believes this distinction is largely false because youth in pending placement are already supposed to be receiving services; the department has still to show it can deliver all the services it should be providing to youth in secure detention facilities; and some youth need specialized treatment that cannot be provided in secure or community detention settings. In any event, the jump in secure detention and part of the increase in community detention estimated for fiscal 2004 reflect this change. **DLS recommends that the department continue to collect pending placement data consistent with the traditional understanding of the term: youth who are awaiting a committed placement.**

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- Committed placements shrink in fiscal 2003, a result of the closure of programming at Victor Cullen. The lack of slots at Cullen may explain much of the increase in pending placement. Committed placements in fiscal 2004 are estimated to increase by 18% over current levels. Prior to 2003 there had been a steady growth in committed placements (especially in nonsecure placements), but it is unclear based on current placement levels why that rate of growth would be expected in fiscal 2004. Interestingly, that increase is not reflected in the department’s fiscal 2004 allowance for these placements.

The growth in detention and pending placement in fiscal 2003 raises questions about DJJ’s estimates for the populations to be served in secure detention facilities in fiscal 2004. **Exhibit 6** details current and estimated populations at those facilities. The estimated populations are essentially the maximum operational level that DJJ would consider optimal. Three major points can be made from the exhibit:

Exhibit 6

**Secure Detention and Pending Population
Average Daily Population by Facility
Fiscal 2001 through 2004**

<u>Facility</u>	<u>2001</u>	<u>2002</u>	<i>2003 (through January)</i>	<i>2003 (through January)</i>	<i>2003 (through January)</i> Detention/ Pending Placement	<i>2004 (DJJ Est.)</i> Detention
Existing Facilities						
Cheltenham	222	180	<i>139</i>	<i>73</i>	212	48
Noyes	59	56	<i>40</i>	<i>30</i>	69	24
Carter	29	27	<i>20</i>	<i>6</i>	26	19
Waxter	49	45	<i>29</i>	<i>15</i>	44	30
Washington Holdover	2	1	<i>0</i>	<i>0</i>	0	0
Hickey	68	104	<i>82</i>	<i>29</i>	111	48
Facilities Opening in 2003/2004						
BCJJC						144
Western Maryland						24
Lower Eastern Shore						24
Total	429	413	311	152	463	361

Source: Department of Juvenile Justice

- The population at Cheltenham has once again grown despite efforts to reduce population at that facility. Clearly, until the Baltimore City Juvenile Justice Center (BCJJC) opens, Cheltenham remains the department’s “safety-valve,” absorbing youth as required.

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- Given the current secure detention population, even with the use of more community detention alternatives for youth in pending placement, it is uncertain that the estimated population levels noted in Exhibit 6 can be achieved. Thus, pressure will remain for higher populations at facilities like Cheltenham, Noyes, and Waxter.
- DJJ anticipates operating BCJJC at full capacity. The State's experience with large detention facilities is poor. It is fair to say that if the department were designing a detention facility today, it would not be building a facility of this size. However, it is clear that the capacity is required. The challenge will be to manage the facility in such a manner as to avoid the mistakes of the past.

As noted above, the growth in the detained population comes despite DJJ's revised detention guidelines that were intended to limit detention to youths who had committed acts of violence or certain other categories of offense. Interestingly, Governor Ehrlich, during the gubernatorial campaign, was critical of this policy citing it as an example of youth not being held accountable for their actions. **DJJ should comment on its intention to change this policy and the consequences of doing so given that trends in the demand for secure detention capacity exceed that used as the basis for the fiscal 2004 allowance.**

Outcomes

It was noted during last year's budget deliberations that DJJ's MFR was long on service delivery and short on outcomes. In this sense the MFR mirrored the emphasis placed (and the dollars spent) on improving service delivery whether in education, mental health, substance abuse treatment, improved intake assessment, or caseload ratios. The MFR continues to reflect the ongoing struggle the department is encountering to implement all the improvements that have been proposed. Outcomes, in the form of a variety of recidivism measures for example, do begin to appear this year, but in an inconsistent format.

Further, it appears clear that data migration problems from the previous Information Technology (IT) system to the Automated Statewide Support and Information System (ASSIST) program have rendered historical data (prior to 2001) largely unusable. Thus, the department has no longitudinal data for baseline comparison. For example, recidivism data should be displayed in a format which shows subsequent contact with both the juvenile and adult system (distinguished by type of contact: referral, adjudication, commitment in the juvenile system, incarceration in the adult system, etc.) over a period of three years, the department is only now beginning to be able to establish a baseline. Further, the department to date is only able to provide data at the aggregate level (by type of program, for example, committed placements) rather than specific programs with that program type. Ultimately, it is that level of data that will be most useful in determining program efficacy.

For all the funding that has been poured into the agency in the past several years, systematic data collection and analysis remains a core weakness. Ultimately, until this situation is resolved, any claims of improvement or otherwise will remain difficult to substantiate. The department has indicated that it understands this problem and hopes to begin to address it in fiscal 2004.

Fiscal 2003 Actions

Impact of Cost Containment

The fiscal 2003 general fund legislative appropriation for DJJ has been reduced by \$8.4 million as part of fiscal 2003 cost containment. The reduction was from two sources:

- \$7.2 million intended to support a contract for residential placements that would replace the programming at Victor Cullen. The fiscal 2003 appropriation included just over \$7.6 million for such placements. The funding was left in the budget as DJJ insisted that the programming was required for fiscal 2003. However, the request for proposals (RFP) took far longer than anticipated to develop. Although the RFP was ultimately published in August 2002 with bids to be received by the end of October 2002, DJJ decided to use \$7.2 million of the original appropriation for cost containment.
- \$1.2 million from salary and fringe benefit savings associated with BCJJC. The ongoing saga of delay at BCJJC (which was originally scheduled to open in August 1999) has resulted yet again in delays in hiring.

Contingent Reductions

The DJJ fiscal 2003 legislative appropriation is further reduced by almost \$71,000 in general funds by the proposed 2003 Budget Reconciliation and Financing Act (BRFA). The 2003 BRFA deletes fiscal 2003 funding for the employee transit initiative.

Taken together, the DJJ fiscal 2003 general fund legislative appropriation was reduced by almost \$8.5 million (4.96%). The adjusted fiscal 2003 general fund legislative appropriation is still almost \$1.2 million (0.73%) above actual fiscal 2002 general fund expenditures.

Fiscal 2003 Holes and the Availability of Funding to Fill Those Holes

While there are no fiscal 2003 deficiencies for DJJ, based on the most recent expenditure trends, there are three major holes in the fiscal 2003 budget that need to be fixed:

- The fiscal 2003 appropriation for residential co-funded placements and residential per diem placements is significantly lower than actual 2002 expenditures for those placements. As shown in **Exhibit 7**, the trend in expenditures in these two programs has been steadily rising. Despite the drop in committed placements overall in fiscal 2003 noted above, the use of these kinds of committed placements continue to grow, albeit at a modest rate.

Exhibit 7

**Funding Trends in Residential Co-funded and Residential Per Diem Placements
Fiscal 2000 to 2004**

<u>Program</u>	<u>FY 00 Actual</u>	<u>FY 01 Actual</u>	<u>FY 02 Actual</u>	<u>FY 03 Approp.</u>	<u>FY 04 Allowance</u>
Residential Co-funded	\$3,558,316	\$5,772,160	\$7,763,532	\$3,665,065	\$7,709,884
Residential Per Diem	19,146,777	21,621,170	20,524,924	15,931,777	15,931,777
Total	\$22,705,093	\$27,393,330	\$28,288,456	\$19,596,842	\$23,641,661

Source: Governor's 2004 Budget

In none of the last three completed fiscal years did the appropriation closely match expenditures. Thus, DJJ has moved funds around within its budget to meet those expenditures. The department has been able to do this largely because of ongoing delays in the opening of the BCJJC. However, at some point appropriations for BCJJC may be used for BCJJC removing this fiscal cushion. The fiscal 2004 allowance provides some attempt to align the appropriation of the two programs with expenditures, but it still falls short. For fiscal 2003 an additional \$8.5 million appears to be needed.

- The ongoing delay in the opening of BCJJC also causes a funding shortfall at the Cheltenham Youth Facility. The budget for that facility in fiscal 2003 reflected a much lower average daily population (ADP). Based on past experience, fiscal 2003 spending at Cheltenham will be some \$1 million above the appropriation.
- In addition to funding at Cheltenham, vacancy levels generally have prompted a spike in overtime. Based on past experience an additional \$2 million may be required.

Nevertheless, as shown in **Exhibit 8**, there do appear to be funds available to fill the estimated \$11.5 million gap. As shown in the exhibit, funds are available based on the delayed openings of the three new detention facilities (BCJJC and Western Maryland are anticipated to open towards the end of the fiscal year, and the Lower Eastern Shore not until some time into fiscal 2004), higher than budgeted turnover, unused funds from the delayed RFP to replace the programming at Victor Cullen (minus a reasonable allowance for ongoing maintenance until a decision is made on if this facility will continue to be used) and other programming changes.

Exhibit 8

**Department of Juvenile Justice
Plugging the Fiscal 2003 Holes**

<u>Program</u>	<u>FY 2003 Appropriation</u>	<u>FY 2003 Cost Containment</u>	<u>Estimated Balance Available</u>
BCJJC	\$10,091,817	\$1,200,000	\$6,400,000
Western Maryland Detention Center	2,104,740		1,600,000
Lower Eastern Shore Detention Center	568,085		568,085
Other Salary and Fringe Benefits*	77,684,131	710,000**	3,500,000
Victor Cullen Contract/RFP	7,622,213	7,200,000	200,000
Evening Reporting Centers	722,500		500,000
Local Management Boards (LMB) Youth Strategies***	2,000,000		500,000
Hickey Audit Settlement Savings****			790,000
Total		\$9,110,000	\$14,058,085

Notes:

*General funds only.

**Contingent reduction of fiscal 2003 one-time bonus and employee transit subsidy.

***DJJ indicates that the Governor's Office of Crime Control and Prevention asked them to continue funding some contracts that expired September 30, 2002, through fiscal 2003.

****DJJ indicates that this was a fiscal 2002 recovery that they intend to revert in fiscal 2003.

Source: Department of Juvenile Justice; Department of Legislative Services

Based on available funding, DLS believes that DJJ's fiscal 2003 general fund appropriation can be reduced by \$2.5 million through the proposed 2003 BRFA.

Governor's Proposed Budget

The Governor's fiscal 2004 allowance is just over \$6 million above the adjusted fiscal 2003 appropriation, 3.3%. General fund growth is actually stronger, at 5.8%, with reductions of various magnitudes across all other funds.

Specific areas of change within the budget are detailed in **Exhibit 9** and include:

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Exhibit 9

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

	FY 02	FY 03	FY 04	FY 03-04	FY 03-04
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Where It Goes:

Personnel Expenses	-\$4,312
Employee and retiree health insurance	\$1,805
Other fringe benefit adjustments	15
Deletion of deferred compensation match.....	-421
Miscellaneous adjustments.....	-639
Turnover adjustments.....	-699
Fiscal 2003 and 2004 abolished positions.....	-2,144
Workers' compensation premium assessment.....	-2,229
Departmental Initiatives	\$3,500
Management reforms.....	1,000
Mental health counselors.....	1,000
Drug court expansion	1,000
Addressing the problem of disproportionate minority confinement.....	500

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Where It Goes:

Restorative Justice	\$6,673
Residential Contracts	
Cullen/RFP Contract	3,328
Hickey School.....	-1,348
Facilities	
BCJJC maintenance contract.....	1,159
Lower Eastern Shore Detention Center utility costs	593
Community Justice Supervision	
Per diem co-funded placements: alignment to fiscal 2002 actual.....	4,045
Nonresidential purchase-of-care.....	751
Safe Start federal grant with Family League of Baltimore City	564
Community detention	-419
LMB Youth Strategies	-2,000
Miscellaneous	\$157
Telecommunications costs: alignment to fiscal 2002 actuals with allowance for new facilities	853
Rent	542
Other	-254
Contractual employment.....	-338
IT.....	-646
Total	\$6,018

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

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- **Personnel expenses** fall by just over \$4.3 million. The fiscal 2004 allowance includes savings of just over \$1.3 million from the abolition of 35 regular full-time equivalents (FTE). Additionally, salary savings are generated from positions abolished in fiscal 2003. As part of the position reductions made following the imposition of the statewide position cap in the fiscal 2003 budget, DJJ lost 99 FTE positions, but relatively little funding (\$381,000 in general funds).

Perhaps the most troubling aspect of DJJ’s fiscal 2004 budget is the extremely high turnover rate, 9.13%. This is more than twice the statewide average turnover rate. Based on existing vacancy levels,

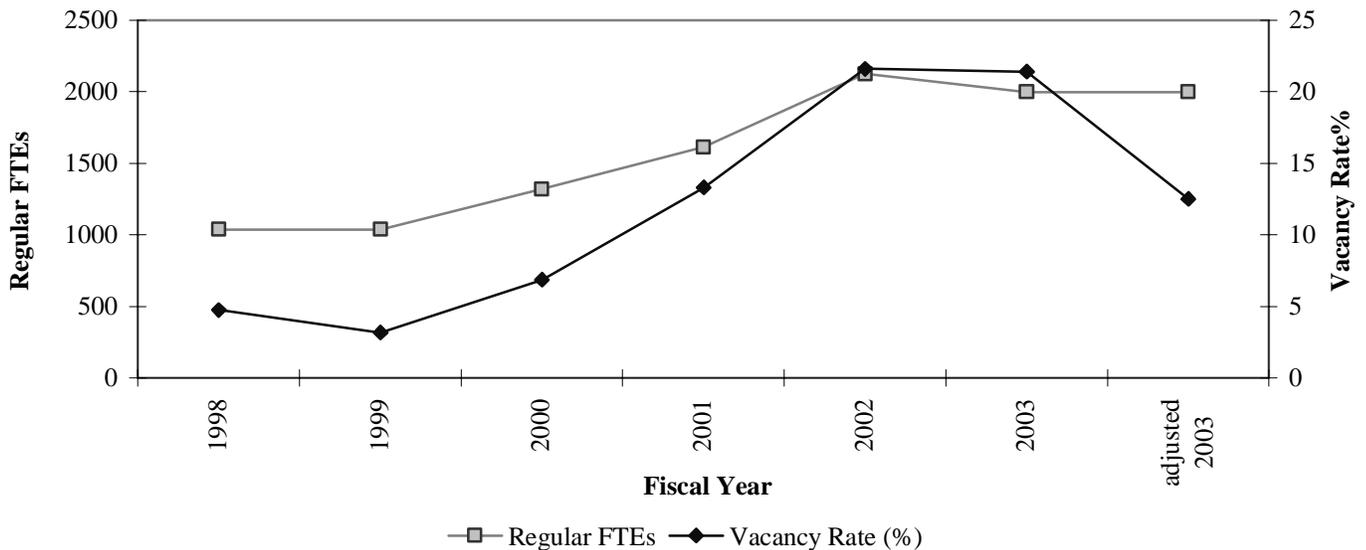
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this turnover rate is easily met by current vacancies. The number of vacancies in the department on December 31, 2002, was 427.65 FTEs, a vacancy rate of 21%. However, the number of vacancies is inflated by authorized positions in three new facilities (BCJJC, and the Western Maryland and Lower Eastern Shore detention centers) that have yet to open as well as positions to be abolished in the fiscal 2004 allowance. However, even when these positions are accounted for, the adjusted vacancies are 248.63 FTEs (a vacancy rate of 12.5%), or almost 70 FTE positions above the level needed to meet turnover requirements.

The pertinent issue here is not DJJ’s ability to meet its turnover rate, but the impact these vacancy levels have on programming, particularly on staffing levels at DJJ-run facilities as well as case ratios. Part of the explanation lies in the tremendous growth in employment in the agency in recent years. As shown in **Exhibit 10** for example, in the four years – fiscal 1999 to 2002 – regular employment levels more than doubled. This growth was spurred by efforts to reduce reliance on contractual employment (in 1999 over one-third of all DJJ employees were contractual), significant investments in new programming (for example, HotSpots, Break-the-Cycle, Spotlight on Schools, enhanced Aftercare), plus new facilities coming online.

Exhibit 10

**Department of Juvenile Justice
Growth in Employment and Vacancy Levels
Fiscal 1998 through 2003**



Source: Department of Juvenile Justice

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At the same time, DJJ has found it increasingly difficult to fill these positions. While the vacancy rate for 2002 shown in Exhibit 10 is again artificially high because of the number of authorized positions in facilities that did not open during that year, fiscal 2001 and the adjusted fiscal 2003 vacancy levels of 12% to 13% are well above the 3% to 5% levels of fiscal 1998 and 1999. Even in a weakening economy, DJJ jobs are clearly not attractive.

- **Department Initiatives.** There are four initiatives totaling \$3.5 million:
 - **Management Reforms:** The department has submitted a nonspecific list of reforms centered on two areas: procurement and improving communication between procurement and budget; and data collection, analysis, and development. The data collection reforms include a list of IT options which themselves total almost \$1 million, the biggest piece of which (\$800,000) was a palm pilot project for case managers. No details were available, although DLS understands that the project is based on the use of palm pilots in the Cecil County Department of Social Services. That project has been cited as being an inexpensive way to immediately upgrade data collection capacity. However, a consultant's report done for the Department of Budget and Management on the linkage of the palm pilots to the Department of Human Resources' case management IT system points to issues of data linkage and application of the technology as it relates to the existing system.

The last independent review of DJJ's case management system, ASSIST, recommended that it be scrapped. Regardless of any improvements that purport to have been made since that review, it is unclear why any investments that relate to ASSIST should be made until an independent review determines that the system is reliable.

Recent expenditures on contracts to improve management operations at DJJ have totaled more than \$1 million. A good starting-point may be to review those contracts and then decide what is required. DLS recognizes that some funding should be available for management reforms, but there is no clear justification for the level proposed. **DLS recommends a reduction of \$750,000.**

- **Expansion of Drug Courts:** The allowance provides \$1 million for the expansion of drug courts in the State. No specifics are available as to how many programs will be funded with these dollars, although DJJ indicated that Baltimore County might be one recipient of funds, utilizing State dollars alongside federal funds. The State currently supports three drug court programs in Baltimore City and Talbot and Wicomico counties. No longitudinal data was available to assess the performance of these efforts. What data is available refers to the successful completion of programming (i.e., no offense while enrolled in the program). The average successful completion rate of 65% to 80% of program participants is around the national average of 75% for similar programs.

Given that it is not clear how the funding is intended to be used, that federal funds are potentially available, and the department needs to evaluate how well the existing programs utilize national best practices, DLS recommends reducing funding by \$500,000.

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- ***Expansion of Mental Health Counselors:*** \$1 million is included to hire additional mental health counselors. Again, no details were available, but presumably the expansion would actually be through the Mental Hygiene Administration (MHA). MHA contracts with the Core Service Agencies to provide family intervention specialists. This programming was initially funded in fiscal 2002 but was slow to startup.

There is a body of evidence that the mental health needs of juvenile offenders are typically significant. Again, however, little specific details were available. Further, there has been no evaluation of the fiscal 2002 initiative that is barely one year into operations, and there is a likely cost to the mental health system for services that result from an increased level of assessment. MHA's allowance does not contain that funding. **DLS recommends that funding be reduced by \$900,000 with the remaining funds used to evaluate the existing mental health efforts to better direct future expenditures.**

- ***Addressing the Problem of Disproportionate Minority Confinement:*** \$500,000 is provided for the appointment of an Assistant Secretary and staff charged with primary responsibility for identifying and reducing unfair practices that result in disproportionate minority confinement (although no additional positions are authorized). This issue was a key charge of the legislature to DJJ in the 2000 session when asking for a plan to reform the management of the agency. DJJ developed an RFP to study the issue further, although the contract was never let. Even without the study, survey data indicated that there was a problem in Maryland and the department initiated a variety of reforms to address the problem including developing detention and shelter care admission procedures to ensure appropriate use of detention; developing a confinement review unit to move committed youth into the community if appropriate; reviewing case closure and formalization policies to again ensure appropriate use of available sanctions; and altering emergency detention to allow for the use of community detention (enacted in Chapter 406, Acts of 2002).

Identifying a single person or office responsible for this issue is considered in the literature to be an important part of a wider response. However, again, DJJ has provided no detail on the number of staff required. DLS recommends that \$250,000 would provide for an Assistant Secretary and other staff plus operating expenses for an office to build on existing efforts to address this problem. **Absent more detail, DLS recommends a reduction in funding of \$250,000.**

- **Residential Contracts.** Significant changes to residential contracts include a reduction to the Hickey contract. Most of this reduction relates to the proposed transfer of responsibility for education at Hickey to the Maryland State Department of Education (MSDE). The fiscal 2004 allowance assumes that this transfer will occur by January 2004 (a fuller discussion on this proposal is found in Issue 2).

Funding is also included in the allowance for unspecified programming to replace that formerly undertaken at the Victor Cullen Academy. As noted above, the fiscal 2003 appropriation included just over \$7.6 million for this programming of which \$7.2 million was used for cost containment. The fiscal 2004 allowance includes \$3.75 million for the programming. According to DJJ, the original bids in response to the RFP remain sealed and some sort of residential programming will be provided perhaps based on those responses. No more details are available. Even though this funding should

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help to address the rising pending placement population, it would appear to DLS that DJJ would need to revisit the original RFP based on the available funding. **Based on an anticipated delay while such a review occurs, DLS recommends reducing the funding by \$1,875,000.**

- **Facilities.** The major non-personnel items at the facilities are a maintenance contract for the new BCJJC. Based on the traffic expected at this facility, DJJ believes that a private contract for maintenance is the best option for this facility. Utility costs, particularly at the Lower Eastern Shore facility, also rise sharply. Based on a review of other facility utility costs, DLS believes that the estimate for utility costs at the Lower Eastern Shore Detention Center provided in the allowance is inflated. **DLS recommends a reduction of \$350,000.**
- **Community Justice Supervision.** The largest single increase in the department's budget is just over \$4 million for residential co-funded placements (residential treatment center slots). As shown above in Exhibit 7, this increase represents an alignment of estimated fiscal 2004 expenditures with actual fiscal 2002 expenditures. The allowance for per diem residential placements remains below actual expenditure levels.

The largest program reduction is the \$2 million grant to the LMBs for the Youth Strategies initiative. This was part of a \$3.5 million community diversion initiative in fiscal 2002 to support additional community-based supervision, services, and treatment for youth living at home in their community. The reduction is explained as cost containment. Other pieces of this initiative have failed to live up to expectations. Funding for evening reporting centers, for example, was scaled back from \$1.5 million in fiscal 2002 to \$722,500 in fiscal 2003. According to DJJ, these centers have been closed effective December 2002 because of poor participation. However, the fiscal 2004 allowance still contains \$722,500 for evening reporting contracts. **Given the apparent lack of success of these centers, DLS recommends deletion of these funds.**

Issues

1. Governor Ehrlich's Proposal to Reform Maryland's Juvenile Services System

During the gubernatorial campaign, Governor Ehrlich proposed a detailed reform plan to improve DJJ. The name change for the department that he has proposed in House Bill 860/Senate Bill 390 – a return to the Department of Juvenile Services – is considered a symbol of emphasizing services that must be provided to juvenile offenders. In truth, this approach is very much the direction taken in the last two years.

Certainly the State's deepening budget crisis, the need to almost simultaneously open three new facilities (with the staffing and operating costs associated with those facilities), and the priorities of the previous administration all conspired to undermine the ability of the department to fully implement the management reform plan that was developed by the prior administration at the request of the legislature in the 2000 session. Yet the emphasis on providing appropriate treatment (somatic and mental health, education, social services) was at the core of what initiatives could be funded in DJJ in the past two years.

At the same time, Governor Ehrlich's reform plan also makes clear that each youth in the juvenile justice system will be held accountable for their actions. While the name may change, the dual nature of the department – guardian of public safety and promoter of child welfare – remains. Performing both roles well has proven to be a difficult dance for the department in recent years.

Reform Proposal Specifics

The reform plan espoused by the Governor contains many different parts. **Exhibit 11** provides some level of detail on the proposal. A number of observations can be made from the exhibit:

- Despite the budget situation, the Governor followed through with a significant number of initiatives promised in the reform plan. The chief exception was funding for the existing three-year Memorandum of Understanding (MOU) between the Department of Health and Mental Hygiene (DHMH) and DJJ. Out-year funding demands are also potentially significant, especially for improvements in education. Interestingly the reform plan called for partial funding of improvements through “savings from audits and management reforms.” That part of the reform plan certainly remains something for the future.
- Several pieces of the reform plan (for example, drug courts and the expansion mental health counseling) build on existing programming for which outcomes are either inadequate or absent. There has been a tendency in recent years in DJJ to pile programming upon programming because the need is apparent. What is absent is effective evaluation of programming. In fiscal 2002 when funding for community-based services was significantly increased, the legislature insisted that 5% of any awarded funds be used for independent evaluations. However, no evaluations appear to have been done. Certainly none are available.

Exhibit 11

Summary of the Governor's Proposal to Reform Maryland's Juvenile Services System

<u>Key Reform Proposal</u>	<u>Cost Estimate</u>	<u>FY 2004 Funding</u>	<u>Comment</u>
Substance-Free Initiative. Expansion of drug courts.	\$1,000,000	\$1,000,000	DJJ currently supports three drug court programs in Baltimore City, and Talbot and Wicomico counties. The department has not been able to provide any longitudinal data on the success of the program once offenders graduate. Successful completion of the program (i.e., no offense while enrolled in the program) ranges from 65% to 80%. National data indicates a successful completion of programming average of about 75%.
MSDE takeover of education at committed placements:			
1. Hickey School	\$10,400,000	\$7,500,000	The proposal calls for \$10.4 million in spending, with \$8.4 million in new money (based on the existing contract funding). MSDE receives \$7.5 million in the fiscal 2004 allowance; DJJ keeps \$1 million for transition period. See Issue 2 for details.
2. Other committed placements	\$13,000,000	n/a	Fiscal 2005 commitment. No additional funding was considered for DJJ-run detention facilities.
Transition plan for youth. Formalizing the process for continuing education once a youth leaves a residential placement.	\$1,006,000	\$0	No funding was provided for this initiative.
Statewide truancy prevention plan.	\$500,000	\$0	No funding was provided for this initiative.

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<u>Key Reform Proposal</u>	<u>Cost Estimate</u>	<u>FY 2004 Funding</u>	<u>Comment</u>
Expand number of mental health counselors.	\$1,000,000	\$1,000,000	\$1.5 million was added to fiscal 2002 to improve mental health counseling. The program was slow to start-up and no data is available on progress. Funding for these positions is actually transferred to MHA. No positions are added to the fiscal 2004 allowance.
Fully fund existing MOU between DHMH and DJJ.	\$22,200,000	\$0	The three-year MOU called for \$31.9 million in funding for fiscal 2002 through 2004. In fiscal 2002 and 2003 funding reached \$9.7 million.
Youth suicide prevention.	Indeterminate	N/A	Implement report of the Interagency Workgroup on Youth Suicide Prevention.
Chapter 395, Acts of 2002 report on linkage between child welfare and juvenile justice.	Indeterminate	N/A	Report released December 2002. Numerous recommendations including some with potentially large costs.
Disproportionate minority confinement.	\$500,000	\$500,000	Create Assistant Secretary for Minority Justice Services and endure racially neutral screening and assessment.
Management Reforms.	\$1,000,000	\$1,000,000	Plan speaks to \$1,000,000 for improved wraparound case management as well as non-specific improvements related to IT, intake and detention guidelines, training, and development of a wraparound approach to service delivery. DJJ proposals for this funding do not include more case managers.
Downsize facilities.	Indeterminate	n/a	The plan called for the commissioning of a Facilities Plan Study to provide a facilities transformation plan using the current ten-year facilities master plan as the basis for change. DLS has long pointed out the inadequacies of the current plan, in particular the population estimates, which raises concerns about it being the basis for another study.

<u>Key Reform Proposal</u>	<u>Cost Estimate</u>	<u>FY 2004 Funding</u>	<u>Comment</u>
Secure Youth Facility for Youth Facing Incarceration in Adult Facilities	Indeterminate	n/a	The plan calls for the development of a facility to house youth waived to the adult system so that they are not housed with an adult population. Conditions under which some of these youth are currently housed have been criticized. No funding is provided for such a facility, and no provision is made to create a program within an existing facility.

Source: *Ehrlich Proposal to Reform Maryland's Juvenile Services System: A Child's First Approach*. (October 2002); Department of Legislative Services

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- The facilities piece of the puzzle remains a puzzle. The existing ten-year facilities master plan, which was developed at the request of the legislature, is based on population estimates that are not credible. A specific redevelopment proposal for Cheltenham is still unavailable. The five-year *Capital Improvement Plan* includes a placeholder for future projects but no specifics. Victor Cullen may or may not be utilized in the near future. Modernization of Hickey is needed if programming is going to continue there in the long-term. A new facility for youth waived to the adult system was proposed in the reform plan but no funding is provided in fiscal 2004.
- Information technology needs remain. The last independent assessment of ASSIST called for its replacement. The reform plan was highly critical of the department’s IT capacity. Until an independent assessment contradicts the prior assessment, it is difficult to place any confidence in the system and the data that it generates.
- The department is only as good as its people. Half of the department’s budget is spent on personnel. Those personnel provide key public safety and case management functions. Yet, as noted above, vacancy levels are running at 12% to 13%, and turnover is budgeted at over 9% because the department cannot attract workers. For those workers who are dedicated to their jobs, the absence of State salary increases and increased caseloads must add to the normal job pressures. Nothing in the budget significantly addresses this problem.

For example, the current number of authorized caseworkers is about 650. Even with 650 authorized positions, the department acknowledges that in fiscal 2004 it cannot meet its own case ratio objectives (see **Exhibit 12**). Add to that the fact that at least 50 case manager positions (after adjustments for fiscal 2004 abolitions) are currently vacant, and even these objectives may not be possible.

Exhibit 12

Fiscal 2004 Expectations of Attainment of Case Management Ratios

<u>Programming</u>	<u>Case Management Ratio Objective</u>	<u>FY 2004 Estimated Case Management Ratio Attainment (%)</u>	<u>FY 2002 Actual Case Management Ratio Attainment (%)</u>
Informal supervision	50:1	30	19
High risk probationers	30:2	40	30
Low/moderate risk probationers	30:1	80	60
Low/moderate aftercare	30:1	75	50

Source: Department of Juvenile Justice

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- The wraparound piece of the reform plan, achieving coordination between the various child-serving agencies, has been an elusive goal in Maryland for well over a decade. Despite all of the attention paid to systems reform, coordination of agencies has proved difficult. Part of the answer may lie in additional case managers, as proposed in the plan, but the competing interests and approaches to service delivery of the various child-serving agencies have never been able to be reconciled.

The new administration should be prepared to comment on its assessment of the state of the department and its own priorities.

2. Hickey School

As noted above, in the gubernatorial campaign Governor Ehrlich spoke out against large juvenile justice institutions, citing both predominantly detention facilities such as Cheltenham, as well as predominantly committed facilities such as the Hickey School. The current contract for operation of the Hickey School was awarded to Youth Services International (YSI), a subsidiary of the Correctional Services Corporation based in Florida, in 1999 and expires March 31, 2004. The Hickey contract, budgeted at just over \$15 million in fiscal 2004, is the single largest contract that DJJ has and represents 8% of its total expenditures.

Hickey Audit

The quality of programs at Hickey has long been a concern. These concerns were heightened when the 2000 audit of Victor Cullen, also operated by YSI, revealed a long list of shortcomings. The most recent Hickey audit was completed in 2001 but not released until a financial settlement was agreed upon between the contractor and DJJ in August 2002. That settlement resulted in \$792,470 being withheld from the contract award. The audit revealed numerous problems summarized in **Exhibit 13**. These findings broadly mirror the problems identified at Victor Cullen.

Given these specific problems at Hickey, longstanding issues with the current vendor YSI, the Governor's stated preference to move away from large institutions, and the fact that the Hickey contract represents such an important piece of the department's budget, the future of the Hickey contract is one of the key decisions the new DJJ management team will face in the upcoming months. **DJJ should brief the committees on the future direction for the Hickey School. In the light of the importance of this decision and the fact that it is likely that any RFP regarding Hickey will have to be issued before next session, DLS recommends the adoption of narrative requiring DJJ to provide the committees with a report detailing their intentions for Hickey prior to the publication of any RFP.**

Exhibit 13

Summary of Performance Audit at the Hickey School

<u>Issue</u>	<u>Concerns</u>
<i>Administrative and Financial Management</i>	Financial reporting was inadequate. Employee compensation was at levels below stated contract amount. Inventory controls were not up-to-date. Gatehouse operations were substandard. Seclusion and suicide logs were incomplete. Employee training requirements were not met. Student roll calls were missing or incomplete.
<i>Direct Care and Security Coverage</i>	Post coverage requirements were not complied with. Key shortages in clinical and management staff were identified. Youth assignments did not meet requirements.
<i>Food Services</i>	Staffing levels were inadequate. Some food service areas contained violations of Health Department regulations. Violations of the requirements of the federal Child Nutrition Program and the U.S. Department of Agriculture regulations were observed.
<i>Educational Services</i>	Student-teacher ratios were above those approved by MSDE (which already represented a waiver from regulatory standards). Instructional materials, equipment, and the media collection were inadequate. School day requirements did not meet standards. Special Education services were inadequate. Required educational and psychological assessments were not always readily available. Teacher certification standards were not met.
<i>Health Care Services</i>	Sick call procedures are established but follow-up is inconsistent. Health screenings were inconsistently applied. Dental, physical, and substance abuse screenings at admission were not done in a timely manner. Record keeping, including medication records, was inadequate. Serious problems were identified in mental health services in terms of staffing and record keeping. Substance abuse education was not being provided.

Source: Department of Juvenile Justice

Education at Hickey

House Bill 860/Senate Bill 390 are administration bills that, among other things, give MSDE responsibility for education at the Hickey School. The bills call for MSDE to develop and fully implement the educational programming at Hickey by December 31, 2003. The fiscal 2004 allowance provides \$7.5 million in the MSDE budget for this initiative. The proposed funding can be broken down into three broad areas:

- personnel costs, including funding for 69 positions at Hickey plus 4 headquarters staff, at just over \$3.9 million;
- recurring costs for staff development and instructional supplies and materials at \$345,000; and

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- one-time costs, including equipment and textbook purchases as well as upgrades to wiring and heating systems, totaling just under \$3.2 million.

Currently, the Hickey contract includes \$1.9 million allocated to educational expenditures. The DJJ fiscal 2004 allowance assumes funding for six months of educational expenditures at Hickey.

There is no doubt that the youth served at Hickey have serious emotional and educational needs. For example, in fiscal 2002, of the 550 youth admitted into Hickey programs during the fiscal year, 206 were special education students, almost two-thirds of the total number of special education students served in committed facilities in that year. That the educational programming is lacking has already been noted above in the summary of recent audit findings. Further, data on the 550 youth admitted in fiscal 2002 reveal that only 36 youth saw increased educational attainment of one year for every four months of instruction. Only 114 (21%) received hands on computer learning (although according to DJJ the average for all committed facilities was a paltry 24%). In addition, there is no question that the facilities at Hickey are substandard.

Nevertheless, questions arise about the proposed investment:

- As shown in **Exhibit 14**, based on ongoing costs the proposed expenditures per ADP are just over \$16,500. This is slightly higher than MSDE's estimate (adjusted for inflation) for a similar takeover proposed last session. Estimates of one-time costs, however, have doubled from \$1.6 to \$3.2 million. According to MSDE this is due to a better understanding of the needs at Hickey. Proposed expenditure levels are significantly above current spending levels not only at Hickey but also at other DJJ-operated facilities as well as the privately-operated O'Farrell center.

Studies conducted for the Thornton Commission in 2001 estimated that the amount (adjusted for inflation) needed to adequately educate a special education student is roughly \$13,600. Adjusting this figure to reflect a 12-month school year takes the cost to \$17,000. This is actually slightly higher than the amount proposed for Hickey. Of course, not all of the youth are special education students, but most have significant needs.

Ultimately, the spending level may be appropriate but this in turn raises questions about the level of funding needed at other facilities, in particular the detention facilities where educational programming operates in perhaps an even more challenging environment. Unlike other committed facilities, no future improvement has been proposed for the detention facilities.

- MSDE funding provides for a personnel turnover rate of only 5%, assuming a full-year of operating costs. However, as noted above DJJ continues to have funding for education at Hickey through December 31, 2003.

Exhibit 14

**Department of Juvenile Justice
Educations Costs – Various Facilities
(Education Spending/ADP)**

Hickey	
Fiscal 2004 MSDE Proposal	\$16,545
HB 1388, 2002 Session	15,679
Current YSI Contract	7,336
DJJ-operated Facilities	10,971
O'Farrell	8,670
Thornton Adequacy Level for Special Education	17,000

Notes: Average based on estimated fiscal 2004 ADP and ongoing costs.
Thornton figure based on 2001 studies adjusted for inflation and a 12-month school year.

Source: Department of Juvenile Justice

- As much as \$1.6 million of the total \$3.2 million in one-time expenditures appears to be for capital expenditures. The use of operating funds for capital expenditures is traditionally frowned upon by the legislature. Additionally, while it is unlikely that the department can avoid using the Hickey School for programming in the near future given population trends, the long-term use of buildings on the Hickey campus remains uncertain. As noted above, the contract with YSI to operate Hickey ends in March 2004 and the department may choose this opportunity to significantly change how it provides services on the campus. The need for specific capital upgrades could change depending on the future use of the facility.
- Although the proposed MSDE funding would include a certain level of health services consistent with their education mission, core health services continue to be provided through the contract. Again, as noted above, the recent audit of Hickey revealed glaring weaknesses in the delivery of these services, especially in mental health. Depending on what the department does with the Hickey contract this may only be a short-term problem, but the overall service delivery environment in which MSDE has to operate will not be good in the first year.
- If the justification for the level of expenditures proposed at Hickey seems sound, the question still needs to be asked if this investment, in a time of extremely limited resources, makes the most sense for the State. For example, MSDE has been a champion in recent years of investment in pre-school children as the basis for the subsequent development of their full potential. Numerous studies point to the long-term benefits of these early investments (including the subsequent impact upon juvenile

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delinquency. Neurological research has identified critical stages for development that occur well before a child enters school and the importance of the learning environment at those development stages.

The Annie E. Casey Foundation in collaboration with participants from State and local government (including MSDE and DJJ), as well as the advocacy and academic community recently supported the development of a five-year action agenda for achieving school readiness in Maryland, many aspects of which require new funding and do not fall within the scope of the recent Thornton legislation. Indeed, recent investments to improve the quality of child care have fallen victim to budget constraints.

A fuller discussion of this issue will be made in the MSDE Headquarters analysis. However, if the committees choose to fully fund the takeover of educational programming at Hickey, an amount that represents full-year funding for the program, a reduction could be made to the Hickey funding in DJJ. **DLS recommends a \$500,000 reduction contingent on the full funding of the MSDE program.**

Recommended Actions

	<u>Amount Reduction</u>	
1. Reduce funding for management reforms. Little specific detail was offered for the proposed funding. What detail was offered included reforms that would interface with the department’s case management information technology system. The last independent review of this system recommended that it be replaced.	\$ 750,000	GF
2. Reduce funding for office on disproportionate minority confinement. This issue of disproportionate minority confinement has been the subject of reforms undertaken in recent years. The department has offered little detail on the constitution of this office. The reduction will still allow the development of an office to build on existing reform efforts.	250,000	GF
3. Reduce funding for drug court expansion. Little specific detail has been offered as to how expansion is to occur. Federal funds are also available for drug courts, and the availability of those funds should be explored ahead of the use of State funds. The department also has no longitudinal data on the effectiveness of the three existing drug court programs that are already funded by the State.	500,000	GF
4. Reduce funding for mental health counselors. Funding for mental health specialists was provided in the fiscal 2002 budget. The program was slow to start-up, and the department has not evaluated the effectiveness of the programming. In fiscal 2002 the additional funding was also anticipated to generate additional demand on the public mental health system. The same is anticipated with this funding, and the allowance does not provide funding for any increase in demands for services. The remaining funds can be used to conduct an evaluation of the current programming.	900,000	GF

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|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|----|
| 5. | Reduce funding for new programming to replace that previously undertaken at Victor Cullen. The fiscal 2003 appropriation included \$7.6 million for this programming and a Request for Proposals (RFP) was developed and issued by the department. However, the department used \$7.2 million of this funding for cost containment. The allowance only contains \$3.75 million for this programming, and a new RFP should be issued based on this revised amount. The reduction reflects the likely delay in any award. | 1,875,000 | GF |
| 6. | Reduce funding for educational activities at the Hickey School contingent on full funding of the Maryland State Department of Education (MSDE) takeover of the program. The fiscal 2004 allowance includes \$7.5 million in the MSDE Headquarters budget to takeover educational programming at Hickey. This represents full-year funding. The Department of Juvenile Justice (DJJ) budget contains funding for six months of educational programming at Hickey. The DJJ funding can be reduced if the full MSDE funding is approved. | 500,000 | GF |
| 7. | Reduce funding for utility costs. The fiscal 2004 allowance for utility costs at the Lower Eastern Shore Detention Center is inflated. The reduction aligns utility costs to those of comparable facilities. | 350,000 | GF |
| 8. | Delete funding for the break-the-cycle program. Funding for this program was first provided in the Department of Juvenile Justice in fiscal 2000. The department has provided no meaningful evaluation of the program since its implementation. The current administration has in the past been critical of the break-the-cycle initiative. | 763,472 | GF |
| 9. | Delete funding for evening reporting centers. The department recently ceased operating evening reporting centers because of disappointing participation. | 722,500 | GF |

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10. Adopt the following narrative:

Hickey School: The current contract to operate programming at the Hickey School expires in March 2004. A recent audit was critical of the current operator, Youth Services International. The Hickey School is a key component of the Department of Juvenile Justice’s (DJJ) residential programming, and the contract is the largest funded by the department. The development of a request for proposals (RFP) to operate Hickey or any alternative to Hickey represents one of the most important decisions to be made by DJJ in the coming months. The committees request the department report back to them on the programming to be offered at Hickey or as an alternative to Hickey.

Information Request	Author	Due Date
Report on future programming at the Hickey School	DJJ	15 days prior to the publication of an RFP
Total General Fund Reductions		\$ 6,610,972

Updates

1. Boot Camp Settlement

In the fall of 1999, media reports detailed instances of child abuse at the DJJ-run Youth Centers. The fall-out from these reports included the replacement of most of the department’s senior management; new programming at the Youth Centers (moving away from the prevailing boot camp model); substantial budget increases for treatment-oriented programming; and a lawsuit filed against the department by youth who were cadets at the boot camps during a specified time period.

In August 2002 a settlement was reached in the lawsuit. The settlement was for \$4,554,000 to be paid as follows:

- \$2,068,000 for the establishment of a “Boot Camp Education Fund” from which eligible youths can claim for certain educational expenses;
- \$1,796,000 to be paid for 61 individual boot camp cadets and their attorneys; and
- \$690,000 for additional attorneys’ fees.

The Board of Public Works approved the settlement without discussion.

Current and Prior Year Budgets

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

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2002					
Legislative Appropriation	\$163,350	\$142	\$14,698	\$2,842	\$181,032
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	161	80	2,100	636	2,977
Reversions and Cancellations	-2,237	-74	-3,889	-2,242	-8,442
Actual Expenditures	\$161,274	\$148	\$12,909	\$1,236	\$175,567
Fiscal 2003					
Legislative Appropriation	\$170,927	\$257	\$15,243	\$4,306	\$190,733
Budget Amendments	0	0	0	0	0
Cost Containment	-8,400	0	0	0	-8,400
Contingent Reduction	-71	0	0	0	-71
Working Appropriation	\$162,456	\$257	\$15,243	\$4,306	\$182,263

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

Fiscal 2002

The fiscal 2002 legislative appropriation for DJJ was decreased by just under \$5.5 million. Budget amendments increased the appropriation by just under \$3 million. This amount was derived as follows:

- general fund budget amendments of \$161,000 representing an increase of \$224,000 due to the implementation of the Annual Salary Review increases for nurse and instructional educator classifications offset by a \$63,000 technical adjustment related to year 2000 computer expenditures;
- special fund budget amendments of \$80,000 representing higher than anticipated donations;
- federal fund budget amendments of \$2.1 million from higher than anticipated Title IV-E earnings; and
- reimbursable fund budget amendments of \$636,000.

Increases to the appropriation derived through budget amendments were more than offset by reversions and cancellations of just over \$8.4 million. This figure includes just under \$1.4 million in general fund cost containment reductions (see the fiscal 2003 operating budget analysis for further details) and almost \$900,000 in general fund reversions (primarily from unfilled vacancies). Cancellations included \$74,000 in special funds, just under \$3.9 million in federal funds, and just over \$2.2 million in reimbursable funds.

Fiscal 2003

The fiscal 2003 legislative appropriation has been reduced by just under \$8.5 million, all in general funds. This reduction relates to cost containment and reductions contingent on the 2003 BRFA and are discussed in more detail above.

V10A - Department of Juvenile Justice

Appendix 2

Object/Fund Difference Report
Department of Juvenile Justice

Object/Fund	FY 02		FY 03		FY 04 Allowance	FY 03 - 04 Amount Change	Percent Change
	Actual	Working Appropriation	Working Appropriation	Working Appropriation			
Positions							
01 Regular	2122.70	1996.20	1961.20			-35.00	-1.8%
02 Contractual	119.00	138.40	132.90			-5.50	-4.0%
Total Positions	2241.70	2134.60	2094.10			-40.50	-1.9%
Objects							
01 Salaries and Wages	\$ 77,366,720	\$ 94,048,335	\$ 88,971,215			-\$ 5,077,120	-5.4%
02 Technical & Spec Fees	4,136,915	4,354,900	4,017,227			-337,673	-7.8%
03 Communication	2,885,596	2,059,313	2,912,440			853,127	41.4%
04 Travel	672,495	694,792	630,926			-63,866	-9.2%
06 Fuel & Utilities	1,075,426	3,183,914	3,769,079			585,165	18.4%
07 Motor Vehicles	683,123	487,648	523,415			35,767	7.3%
08 Contractual Services	76,182,632	74,189,278	78,246,715			4,057,437	5.5%
09 Supplies & Materials	4,074,557	4,612,444	4,974,788			362,344	7.9%
10 Equip – Replacement	130,494	738,671	0			-738,671	-100.0%
11 Equip – Additional	4,218,731	905,727	386,265			-519,462	-57.4%
12 Grants, Subsidies, Contr	1,270,386	2,067,500	198,000			-1,869,500	-90.4%
13 Fixed Charges	2,871,150	3,390,885	4,155,318			764,433	22.5%
Total Objects	\$ 175,568,225	\$ 190,733,407	\$ 188,785,388			-\$ 1,948,019	-1.0%
Funds							
01 General Fund	\$ 161,274,159	\$ 170,927,453	\$ 172,392,873			\$ 1,465,420	0.9%
03 Special Fund	148,437	257,000	248,000			-9,000	-3.5%
05 Federal Fund	12,909,446	15,242,971	14,768,720			-474,251	-3.1%
09 Reimbursable Fund	1,236,183	4,305,983	1,375,795			-2,930,188	-68.0%
Total Funds	\$ 175,568,225	\$ 190,733,407	\$ 188,785,388			-\$ 1,948,019	-1.0%

Note: Fiscal 2003 appropriations and fiscal 2004 allowance do not include cost containment and contingent reductions.

V10A - Department of Juvenile Justice

Fiscal Summary
Department of Juvenile Justice

Unit/Program	FY 02	FY 03	FY 03	FY 02 - 03	FY 04	FY 03 - 04
	Actual	Legislative Appropriation	Working Appropriation	% Change	Allowance	% Change
01 Office of the Secretary	\$ 3,790,712	\$ 3,948,002	\$ 3,948,002	4.1%	\$ 6,923,058	75.4%
01 Departmental Support	12,013,446	12,197,378	12,197,378	1.5%	11,615,708	-4.8%
01 Ofc of Prof Responsibility & Accountability	2,219,500	2,515,968	2,515,968	13.4%	2,200,608	-12.5%
01 Residential Services	7,359,883	9,335,185	9,335,185	26.8%	9,132,660	-2.2%
02 Contractual Residential Operation	28,612,339	30,117,855	30,117,855	5.3%	24,420,299	-18.9%
03 Baltimore City Juvenile Center	2,892,840	10,091,817	10,091,817	248.9%	11,947,231	18.4%
04 William Donald Schaefer House	716,948	679,863	679,863	-5.2%	750,150	10.3%
05 Maryland Youth Residence Center	1,552,660	1,612,065	1,612,065	3.8%	1,669,157	3.5%
06 Dept of Juvenile Justice Youth Centers	6,314,298	6,652,652	6,629,843	5.0%	5,593,758	-15.6%
07 Alfred D. Noyes Children's Center	1,915,158	2,176,321	2,176,321	13.6%	1,958,641	-10.0%
08 Western Maryland Detention Center	413,403	2,104,740	2,104,740	409.1%	2,392,463	13.7%
09 DeWeese Carter Center	910,256	800,469	800,469	-12.1%	905,982	13.2%
10 Lower Eastern Shore Detention Center	0	568,085	568,085		2,625,857	362.2%
11 Cheltenham Youth Facility	6,706,954	5,678,332	5,678,332	-15.3%	5,763,682	1.5%
12 Youth Women's Center at Waxter	2,830,388	3,696,895	3,696,895	30.6%	2,879,653	-22.1%
01 Admissions	9,116,349	12,094,117	12,116,926	32.9%	12,127,152	0.1%
01 Community Justice Supervision	88,203,091	86,463,663	86,463,663	-2.0%	85,879,329	-0.7%
Total Expenditures	\$ 175,568,225	\$ 190,733,407	\$ 190,733,407	8.6%	\$ 188,785,388	-1.0%
General Fund	\$ 161,274,159	\$ 170,927,453	\$ 170,927,453	6.0%	\$ 172,392,873	0.9%
Special Fund	148,437	257,000	257,000	73.1%	248,000	-3.5%
Federal Fund	12,909,446	15,242,971	15,242,971	18.1%	14,768,720	-3.1%
Total Appropriations	\$ 174,332,042	\$ 186,427,424	\$ 186,427,424	6.9%	\$ 187,409,593	0.5%
Reimbursable Fund	\$ 1,236,183	\$ 4,305,983	\$ 4,305,983	248.3%	\$ 1,375,795	-68.0%
Total Funds	\$ 175,568,225	\$ 190,733,407	\$ 190,733,407	8.6%	\$ 188,785,388	-1.0%

Note: Fiscal 2003 appropriations and fiscal 2004 allowance do not include cost containment and contingent reductions.