

Q00B00
Division of Correction
Department of Public Safety and Correctional Services

Operating Budget Data

(\$ in Thousands)

| | <u>FY 02</u> | <u>FY 03</u> | <u>FY 04</u> | <u>FY 02-04</u> <u>Change</u> | <u>FY 05</u> | <u>FY 04-05</u> <u>Change</u> |
|--------------------------------------|------------------|------------------|------------------|----------------------------------|------------------|----------------------------------|
| Operations | \$463,397 | \$482,747 | \$466,799 | \$3,403 | \$476,476 | \$9,677 |
| Contractual Services | 66,498 | 69,705 | 73,567 | \$7,068 | 74,814 | 1,247 |
| Grants | 34,098 | 30,852 | 34,888 | \$790 | 34,912 | 25 |
| FY 2004 Deficiencies | 0 | 0 | 1,971 | \$1,971 | 0 | -1,971 |
| Contingent & Back of Bill Reductions | 0 | 0 | 0 | \$0 | -549 | -549 |
| Adjusted Grand Total | \$563,993 | \$583,304 | \$577,225 | \$13,232 | \$585,653 | \$8,428 |
| | | | | | | |
| General Funds | 497,875 | 517,092 | 508,362 | \$10,487 | 518,625 | 10,263 |
| FY 2004 Deficiencies | 0 | 0 | 1,971 | \$1,971 | 0 | -1,971 |
| Contingent & Back of Bill Reductions | 0 | 0 | 0 | \$0 | -549 | -549 |
| Adjusted General Funds | \$497,875 | \$517,092 | \$510,333 | \$12,458 | \$518,076 | \$7,743 |
| | | | | | | |
| Special Funds | 54,791 | 55,839 | 55,808 | \$1,017 | 57,170 | 1,362 |
| | | | | | | |
| Federal Funds | 6,120 | 5,659 | 4,900 | -\$1,220 | 4,898 | -2 |
| | | | | | | |
| Reimbursable Funds | 5,207 | 4,714 | 6,184 | \$977 | 5,510 | -675 |
| | | | | | | |
| Adjusted Grand Total | \$563,993 | \$583,304 | \$577,225 | \$13,232 | \$585,653 | \$8,428 |
| | | | | | | |
| Annual % Change | | 3.4% | -1.0% | | 1.5% | |

- Cost containment during fiscal 2003 and 2004 resulted in reductions of \$7.0 million in statewide staffing, transit subsidy, custody overtime, equipment, and other operating categories.
- The fiscal 2004 deficiency request is approximately \$2.0 million and is primarily attributable to fuel and utilities costs and inmate medical costs.
- The increase in the fiscal 2005 allowance is attributable to restoration of cost containment (\$2.6 million), lower turnover expectancy (\$2.0 million), regular earnings (\$5.0 million), contractual employee payroll (\$1.0 million), offset by fiscal 2004 deficiency requests and other categories.

Numbers may not sum to total due to rounding.

For further information contact: William M. Honablew, Jr.

Phone: (410) 946-5530

Personnel Data

| | <u>FY 02</u> | <u>FY 03</u> | <u>FY 04</u> | <u>FY 02-04</u> <u>Change</u> | <u>FY 05</u> | <u>FY 04-05</u> <u>Change</u> |
|------------------------|----------------|----------------|----------------|----------------------------------|----------------|----------------------------------|
| Regular Positions | 7,651.5 | 7,528.5 | 7,264.5 | -387.0 | 7,274.5 | 10.0 |
| Contractual FTEs | 46.5 | 34.2 | 82.1 | 35.6 | 94.8 | 12.7 |
| Total Personnel | 7,698.0 | 7,562.7 | 7,346.6 | -351.4 | 7,369.3 | 22.7 |

Vacancy Data: Regular Positions

| | | |
|---------------------------------|--------|-------|
| Turnover Expectancy | 232.46 | 3.20% |
| Positions Vacant as of 12/31/03 | 258.00 | 3.55% |

- The division's regular personnel complement was reduced by 387 positions between fiscal 2002 and 2004 as part of cost containment.
- The division's contractual personnel complement was reduced by 12.3 positions between fiscal 2002 and 2003 but was restored in fiscal 2004.
- The fiscal 2005 allowance increases the division's regular personnel complement by 10 positions to staff the new minimum security correctional facility on the Eastern Shore which will open in fiscal 2005.
- The fiscal 2005 allowance increases the division's contractual personnel complement by 12.6 full-time equivalents, representing an increase of 26.0 contractual teachers (part of the RESTART initiative) and a reduction of 11.4 contractual correctional officers and 2.0 clerk typists.

Analysis in Brief

Major Trends

Population and Violence Increases: The division's inmate population continues to increase, as does the number of inmate-on-inmate assaults. **The department should be prepared to present information on the number of inmate-on-staff assaults between fiscals 2001 and 2003. The department should also be prepared to discuss the steps taken to reduce the level of violence in the correctional facilities.**

Sick Leave and Overtime: The department has discontinued publishing certain information relating to overtime and sick leave usage and indicates that it misstated the number of sick leave hours used in previous years. **The department should be prepared to present information on the number of overtime hours incurred due to the use of sick leave and how the number is calculated. The department should also be prepared to discuss the understatement of actual number of sick leave hours used. The department should be prepared to discuss the overtime impact of alternative schedules for correctional personnel.**

Issues

Local Jail Reimbursements: The amount that the department provides to local correctional facilities as part of a statutory reimbursement program continues to increase significantly. Further, the department has been using cash flow techniques to carry forward excess liability into successive fiscal years. This cash flow technique will eventually require a significant appropriation to meet the excess liability. **DLS recommends that the department pay the balance of liability owed to the counties through fiscal 2004 and budget reconciliation language be added that phases the program out over three years.**

State Use Industries (SUI): To compensate for the recent fiscal crisis, legislation has been enacted that transferred \$2.0 million from the SUI special fund to the general fund in fiscal 2002, 2003, and 2004. The special funds cash balance continues to grow despite the transfers. **DLS recommends the adoption of amendments to budget reconciliation legislation that annually requires \$2.0 million to be transferred from the SUI special fund to address the concerns raised by the U.S. Department of Justice and the federal courts.**

Q00B00 – DPSCS – Division of Correction

Recommended Actions

| | <u>Funds</u> |
|--|---------------------|
| 1. Add budget language to reduce 100 positions based on implementation of post analysis results. | |
| 2. Add budget language to restrict use of general funds to assessing standing populations' amenability to certain treatment. | |
| 3. Add budget language to reduce appropriation based on the failure of House Bill 379. | |
| 4. Reduce overtime. | \$ 700,000 |
| 5. Reduce funding for positions based on post analysis results. | 2,825,951 |
| Total Reductions | \$ 3,525,951 |

Q00B00
Division of Correction
Department of Public Safety and Correctional Services

Operating Budget Analysis

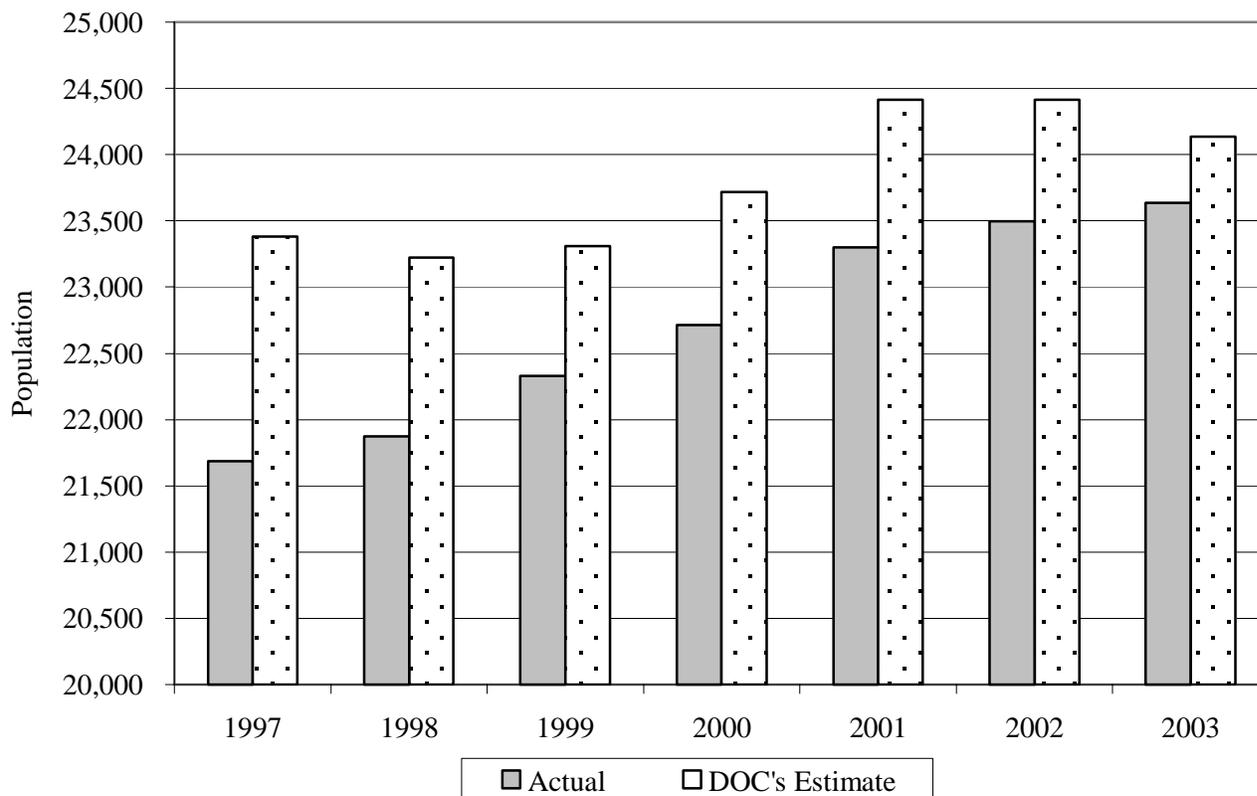
Program Description

The Division of Correction (DOC) supervises the operation of State correctional institutions in accordance with applicable State and federal law. The division provides public safety and victim services through information sharing and the supervision of defendants and offenders located in the community, in places of safe, secure, and humane confinement.

Performance Analysis: Managing for Results

The average daily population (ADP) has grown by 9.0%, or 1,950 inmates, between fiscal 1997 and 2003 as shown in **Exhibit 1**. This increase, although below DOC's prior year estimates, places additional strain on the facilities and infrastructure. Concurrently, there has been an increase in the number of assaults within the institution. **Exhibit 2** shows that the number of inmate-on-inmate assaults has increased 14.2% between fiscal 2001 and 2003. The division does not publish information on the number of assaults on staff in its facilities. **The department should be prepared to present information on the number of inmate-on-staff assaults between fiscal 2001 and 2003. The department should also be prepared to discuss the steps taken to reduce the level of violence in the correctional facilities.**

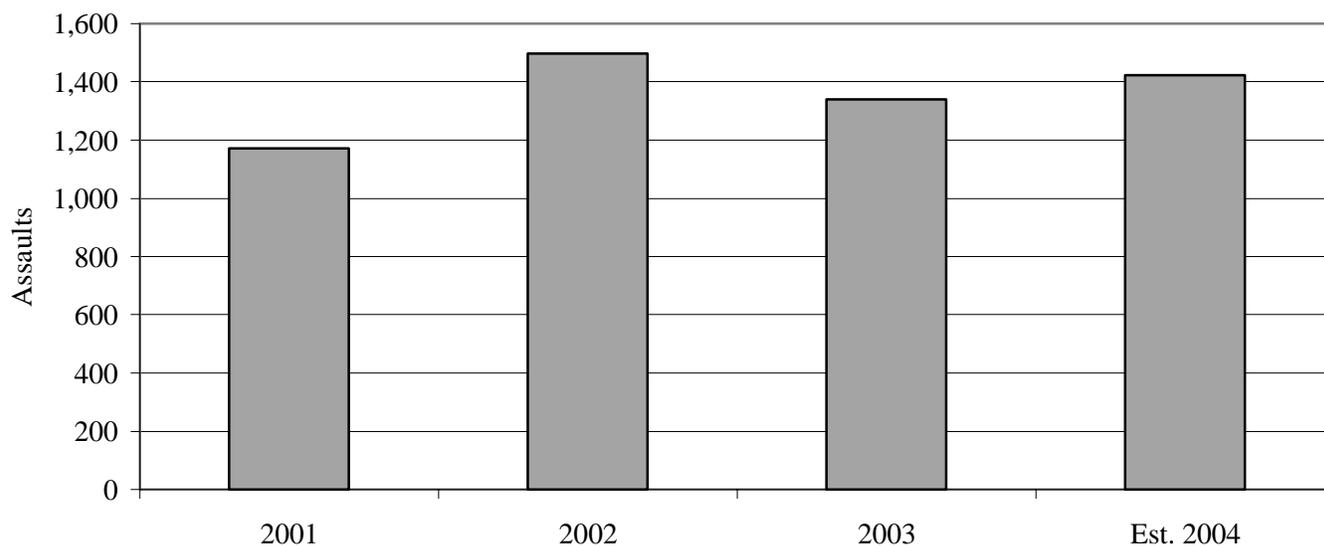
Exhibit 1
Comparison of Actual and Estimated Population
Fiscal 1997 – 2003



Source: Department of Public Safety and Correctional Services

The department no longer publishes the information on the number of overtime hours incurred due to the use of sick leave. Further, the department indicates that during the 2003 session, it understated the actual number of sick leave hours used in fiscal 2002 by 447,393 hours. **The department should be prepared to present information on the number of overtime hours incurred due to the use of sick leave and how the number is calculated. The department should also be prepared to discuss the understatement of actual number of sick leave hours used. The department should be prepared to discuss the overtime impact of alternative schedules for correctional personnel.**

Exhibit 2
Number of Assaults on Inmates
Fiscal 2001 - 2004



Source: Department of Public Safety and Correctional Services

Fiscal 2004 Actions

Proposed Deficiency

The fiscal 2005 allowance provides for a total of approximately \$2.0 million in deficiency appropriations. **Exhibit 3** shows the detail for the deficiencies provided in the allowance.

Exhibit 3
Fiscal 2004 Deficiency Requests

| <u>Facility</u> | <u>Category</u> | <u>Rationale</u> | <u>Amount</u> |
|--|----------------------|---|--------------------|
| Maryland House of Correction | Fuel and Utilities | This deficiency appropriation is necessary to supplement the appropriation for fiscal 2004 to provide funds to cover expenditures for utilities. | \$303,532 |
| Maryland House of Correction | Contractual Services | This deficiency appropriation is necessary to supplement the appropriation for fiscal 2004 to provide funds to cover the increased cost of the inmate medical contract related to the increase in the Consumer Price Index. | 687,635 |
| Metropolitan Transition Center | Fuel and Utilities | This deficiency appropriation is necessary to supplement the appropriation for fiscal 2004 to provide funds to cover expenditures for utilities. | 408,074 |
| Maryland Correctional Institution – Hagerstown | Fuel and Utilities | This deficiency appropriation is necessary to supplement the appropriation for fiscal 2004 to provide funds to cover expenditures for utilities. | <u>571,900</u> |
| Total | | | \$1,971,141 |

Source: Department of Budget and Management

Impact of Cost Containment

The fiscal 2004 cost containment is attributable to reductions in custody overtime (approximately \$2.3 million) and in equipment (approximately \$312,000).

Q00B00 – DPSCS – Division of Correction

Governor's Proposed Budget

Exhibit 4 shows that the fiscal 2005 allowance provides an increase of approximately \$8.4 million, or 1.5% above the fiscal 2004 working appropriation. The increase is primarily attributable to increments and other compensation, turnover and restoration of cost containment, other fringe benefits, contractual employees, supplies and materials, and contractual services. The increases were offset by decreases in health insurance expenditures, equipment, fuel and utilities, and motor vehicles categories.

Impact of Cost Containment

The fiscal 2005 allowance reflects the elimination of \$619,224, the appropriation for matching employee deferred compensation contributions up to \$600, contingent upon enactment of a provision in the budget reconciliation legislation.

Exhibit 4
Governor's Proposed Budget
Division of Correction
(\$ in Thousands)

| | <u>FY 03</u> | <u>FY 04</u> | <u>FY 05</u> | <u>FY 04-05</u> | <u>FY 04-05</u> |
|--------------------------------------|------------------|------------------|------------------|-----------------|-----------------|
| | <u>Actual</u> | <u>Approp.</u> | <u>Allowance</u> | <u>Change</u> | <u>% Change</u> |
| General Funds | \$517,093 | \$508,362 | \$518,625 | \$10,263 | 2.0% |
| FY 2004 Deficiencies | 0 | 1,971 | 0 | -1,971 | |
| Contingent & Back of Bill Reductions | 0 | 0 | -549 | -549 | |
| Adjusted General Funds | \$517,093 | \$510,333 | \$518,076 | \$7,743 | 1.5% |
| Special Funds | \$55,839 | \$55,808 | \$57,170 | \$1,362 | 2.4% |
| Federal Funds | \$5,659 | \$4,900 | \$4,898 | -\$2 | 0.0% |
| Reimbursable Funds | \$4,714 | \$6,184 | \$5,510 | -\$675 | -10.9% |
| Adjusted Grand Total | \$583,304 | \$577,225 | \$585,653 | \$8,428 | 1.5% |

Where It Goes:

Personnel Expenses

| | |
|---|--------|
| New positions | 311 |
| Increments and other compensation | 4,954 |
| Employee and retiree health insurance | -7,483 |
| Turnover adjustments and restoration of cost containment..... | 4,887 |
| Workers' compensation premium assessment..... | 3,299 |
| Other fringe benefit adjustments | 774 |

Analysis of the FY 2005 Maryland Executive Budget, 2004

Q00B00 – DPSCS – Division of Correction

Where It Goes:

Other Changes

| | |
|------------------------------|----------------|
| RESTART/drug treatment | 3,100 |
| Equipment | -277 |
| Other | -793 |
| Fuel and utilities* | -752 |
| Contractual services* | 560 |
| Motor Vehicles | -152 |
| Total | \$8,428 |

*Numbers include fiscal 2004 deficiency

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

Issues

1. Local Jail Reimbursements

Background

One of the division's expenditures with the largest annual increase is the reimbursement to the local jurisdictions for certain operating expenses. A 1986 statutory change altered the minimum period of time used for sentencing inmates to local correctional facilities. Before the change, inmates sentenced to a term of confinement of more than 90 days were incarcerated in a State correctional facility. After the change was phased in, an inmate sentenced to a term of incarceration of less than 12 months was placed in a local correctional facility.

To compensate the local jurisdictions for the statutory change, the legislation allowed the counties to choose one of two methods of reimbursement for operating expenses, which are paid through DOC's budget. These payments are commonly referred to as HB 474 payments (named after the legislation that created the program). If an inmate is confined to a local correctional facility for more than 91 days and less than 365 days, the reimbursement rate is 50% of the actual operating costs for eligible confinement days between the 91st day and the 365th day. To qualify for an 85% reimbursement rate, a local jurisdiction must subtract the actual number of eligible days in the current fiscal year from the average number of days for fiscal 1984, 1985, and 1986 (these were the three years just prior to implementation). The department indicates that since records for the 1984 – 1986 periods are not available, no county receiving the 50% reimbursement rate for at least the past 10 years has changed to the 85% reimbursement rate. **Exhibit 5** shows the reimbursement amounts for counties that received the 85% reimbursement rate and the reimbursement amount if the county had received the 50% reimbursement rate.

Exhibit 6 shows that the actual liability has grown 59.2%, or \$7.8 million between fiscals 2000 and 2003. The department indicates that three factors have driven the substantial increase in reimbursement rates: the increase in local jail populations, the increase in the number of eligible days, and the increase in local jail operating costs. Given the reimbursement program's 18-year phase-in, the county governments have had ample opportunity to develop mechanisms to assimilate the operating costs of the increased population without the current magnitude of State support. Further, the 50% – 85% subsidy provides no incentive for local correctional facilities to identify operational efficiencies that can lead to lower costs.

Exhibit 5
Reimbursements for Counties at the 85% Rate
Fiscal 2003

| <u>County</u> | <u>Actual Reimbursement Received in FY 03</u> | <u>Reimbursement at the 50% rate</u> | <u>Difference</u> |
|---------------|---|--|----------------------|
| Charles | \$825,251 | \$485,442 | (\$339,809) |
| Dorchester | 298,902 | 175,825 | (123,077) |
| Harford | 2,572,651 | 1,513,324 | (1,059,327) |
| Worcester | 299,794 | 176,349 | (123,445) |
| Total | \$3,996,598 | \$2,350,940 | (\$1,645,658) |

Source: Department of Public Safety and Correctional Services

Exhibit 6
Department of Public Safety and Correctional Services
Three-year Analysis – HB 474

| | <u>FY 00</u> <u>Liability</u> | <u>FY 01</u> <u>Liability</u> | <u>FY 02</u> <u>Liability</u> | <u>FY 03</u> <u>Liability</u> | <u>Estimated</u> <u>FY 04</u> <u>Liability</u> <u>(FY 03 + 3%)</u> |
|------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|---|
| Allegany | \$159,402 | \$116,997 | \$202,329 | \$222,105 | \$228,768 |
| Anne Arundel | 957,092 | 1,845,694 | 1,451,570 | 3,328,167 | 3,428,012 |
| Baltimore County | 1,733,174 | 1,948,677 | 2,175,253 | 2,254,498 | 2,322,133 |
| Calvert | 351,484 | 562,568 | 425,314 | 561,676 | 578,527 |
| Caroline | 85,190 | 87,953 | 155,993 | 163,376 | 168,278 |
| Carroll | 396,506 | 343,540 | 273,649 | 302,410 | 311,482 |
| Cecil | 15,216 | 32,756 | 27,414 | 32,943 | 33,931 |
| Charles | 549,120 | 650,483 | 664,524 | 822,738 | 847,420 |
| Dorchester | 195,637 | 251,635 | 285,017 | 298,902 | 307,869 |
| Frederick | 951,613 | 1,219,493 | 1,256,470 | 1,340,539 | 1,380,755 |
| Garrett | 33,584 | 65,909 | 99,922 | 94,396 | 97,228 |
| Harford | 2,247,132 | 2,395,751 | 2,205,085 | 2,572,651 | 2,649,830 |
| Howard | 526,557 | 651,407 | 569,669 | 574,172 | 591,397 |
| Kent | 91,059 | 123,751 | 101,844 | 147,378 | 151,799 |
| Montgomery | 1,836,823 | 1,401,024 | 2,380,092 | 3,967,280 | 4,086,298 |
| Prince George's | 1,242,916 | 1,825,415 | 2,229,477 | 2,216,097 | 2,282,580 |
| Queen Anne's | 112,788 | 132,960 | 166,176 | 180,987 | 186,417 |
| Somerset | 155,863 | 156,964 | 176,826 | 178,491 | 183,845 |
| St. Mary's | 386,202 | 461,120 | 484,273 | 509,449 | 524,732 |
| Talbot | 45,956 | 49,966 | 68,787 | 83,754 | 86,266 |
| Washington | 413,354 | 529,294 | 511,904 | 550,616 | 567,135 |
| Wicomico | 240,608 | 275,648 | 259,625 | 181,377 | 186,818 |
| Worcester | 390,068 | 399,460 | 270,400 | 299,794 | 308,788 |
| Total | \$13,117,344 | \$15,528,466 | \$16,441,614 | \$20,883,795 | \$21,510,308 |

Source: Department of Public Safety and Correctional Services

Correctional Officer Salaries

The local jail operating costs, like the State's correctional costs, are primarily driven by personnel expenditures. **Exhibit 7** shows that the average salary range for a correctional officer in a local correctional facility begins \$700 more and ends \$286 more than the State's correctional officer I salary range. Of the counties responding to the survey, 13 counties have a higher starting salary and

Analysis of the FY 2005 Maryland Executive Budget, 2004

Q00B00 – DPSCS – Division of Correction

12 have a higher ending salary. In essence, the State is subsidizing the ability of the local jurisdictions to recruit the State's correctional officers. This is particularly true in the Central Maryland, Eastern Shore, and Western Maryland regions where there are State and local correctional facilities.

Exhibit 7
Correctional Officer Salary Range by Jurisdiction

| | <u>Minimum</u> | <u>Maximum</u> |
|------------------------------|-----------------|-----------------|
| Allegany* | 26,245 | \$45,182 |
| Anne Arundel* | 29,148 | 47,507 |
| Baltimore County | 28,791 | 36,543 |
| Calvert | 33,387 | 49,524 |
| Caroline | 22,970 | 31,985 |
| Carroll | 33,134 | 47,486 |
| Cecil | 26,624 | 44,200 |
| Frederick | 29,838 | 47,741 |
| Garrett | 24,590 | 35,000 |
| Harford | 30,430 | 37,918 |
| Howard | 30,306 | 44,720 |
| Kent | 20,729 | 48,857 |
| Montgomery | 31,850 | 52,416 |
| Prince George's | 29,927 | 50,623 |
| Queen Anne's | 27,212 | 38,412 |
| St. Mary's | 29,141 | 34,715 |
| Somerset | 18,820 | 30,076 |
| Talbot | 24,000 | 37,398 |
| Washington* | 32,978 | 32,978 |
| Wicomico | 23,038 | 45,250 |
| Average | \$27,658 | \$41,927 |
| State Correctional Officer I | 26,958 | 41,641 |
| Difference | (\$700) | (\$286) |

Note: Data for Charles, Dorchester, and Worcester counties was not available.

*Counties in which there are State-operated correctional facilities.

Source: Compensation Survey of Maryland Governments: Fiscal Year 2003

Q00B00 – DPSCS – Division of Correction

Liability Financing

The department pays the local jurisdictions' estimated payments each quarter during a fiscal year. At the conclusion of the fiscal year, the department audits the local jurisdictions' records to determine the actual liability. The department must reimburse the local jurisdictions for any unpaid liability by September following the close of the fiscal year. The department's appropriation for reimbursements has been insufficient to meet liabilities. **Exhibit 8** shows that since fiscal 2001, the department has been carrying excess liabilities into each successive fiscal year.

Exhibit 8
Departmental Liabilities
Fiscal 2001 – 2003

| | <u>FY 01</u> <u>Carryover</u> | <u>FY 02</u> <u>Carryover</u> | <u>FY 03</u> <u>Carryover</u> |
|------------------|----------------------------------|----------------------------------|----------------------------------|
| Allegany | (\$76,132) | \$71,197 | \$133,302 |
| Anne Arundel | 354,128 | -444,301 | 2,203,865 |
| Baltimore County | -99,771 | 178,567 | 673,065 |
| Calvert | 161,233 | -133,452 | 228,224 |
| Caroline | -21,077 | 64,916 | 68,293 |
| Carroll | -79,962 | -66,314 | 116,096 |
| Cecil | 7,208 | -10,378 | 6,565 |
| Charles | 73,917 | 14,441 | 319,692 |
| Dorchester | 24,362 | 4,379 | 103,281 |
| Frederick | 382,685 | 99,156 | 79,695 |
| Garrett | 6,404 | 31,326 | 5,722 |
| Harford | 1,270,245 | -19,670 | 1,032,980 |
| Howard | 65,172 | -85,159 | 89,013 |
| Kent | 15,162 | -32,994 | 54,384 |
| Montgomery | -741,879 | 958,214 | 2,446,506 |
| Prince George's | 468,744 | 398,221 | 454,317 |
| Queen Anne's | 18,720 | 24,896 | 76,631 |
| Somerset | -526 | 16,300 | 54,791 |
| St. Mary's | 52,126 | 6,398 | 155,847 |
| Talbot | -19,535 | 9,252 | 33,005 |
| Washington | 103,483 | -17,324 | 213,293 |
| Wicomico | -66,008 | -47,346 | -25,969 |
| Worcester | -35,976 | -130,576 | 49,218 |
| Total | \$1,862,722 | \$889,749 | \$8,571,817 |

Source: Department of Public Safety and Correctional Services

Q00B00 – DPSCS – Division of Correction

Exhibit 9 shows that the appropriation is approximately \$19.2 million below the adequate level to fund the increasing liability. When the department's estimated 3% annual liability increases are considered, the total liability will have grown by 42.7% between fiscal 2001 and 2005, while the appropriation has grown by only 21.0%. The combination of insufficient base funding and incongruent growth rates suggests that if the department's estimated liability increase rate is incorrect, the State could be required to divert funds from other sources to support the higher salaries and operating costs for the local correctional facilities.

Exhibit 9
Underfunding for HB 474 Payments through Fiscal 2005

| | <u>Base</u> <u>Appropriation</u> | <u>Liability</u> | <u>Difference</u> |
|--------------------------------------|-------------------------------------|--------------------------------|----------------------------------|
| Fiscal 2004* | \$16,470,987 | \$21,510,309 | -\$5,039,322 |
| Fiscal 2005* | 16,470,987 | 22,155,618 | -5,684,631 |
| Total Fiscal 2004 – 2005 | \$32,941,974 | \$43,665,927 | -\$10,723,953 |
| Prior Year Carryover and Liability | 13,214,987 | 21,786,804 | -8,571,817 |
| <i>Total Underfunding</i> | <i>\$46,156,961</i> | <i>\$65,452,731</i> | <i>(\$19,295,770)</i> |

*Department of Public Safety and Correctional Services estimate

Source: Department of Public Safety and Correctional Services

The department has been using a cash flow technique to compensate for the under funding. For example, the department carried forward the \$1.9 million fiscal 2001 excess liability into fiscal 2002. The department used the appropriation for fiscal 2002 to pay the fiscal 2001 excess liability in addition to the normal payments for fiscal 2002. That results in an automatic deficit for fiscal 2002. The deficit is exacerbated by the excess liability found after the fiscal 2002 audit. The fiscal 2001 excess liability carried forward into fiscal 2002 and the regular excess liability for fiscal 2002 are carried forward into fiscal 2003 and paid with the 2003 appropriation. The result of this cash flow technique is that eventually the department will run out of money in a current fiscal year to pay the past liability.

When this program was developed, this magnitude of liability was unanticipated. **Exhibit 10** shows the estimated fiscal impact when the program was originally approved by the legislature. The current expenditure is 534.5% above the original fiscal estimate. **DLS recommends that the department pay the balance of liability owed to the counties through fiscal 2004 and budget reconciliation language be added that phases the program out over three years.**

Exhibit 10
Department of Public Safety and Correctional Services
Estimated Fiscal Impact by Jurisdiction of HB 474 (1986)

| | <u>FY 1988</u> | <u>FY 1989</u> | <u>FY 1990</u> |
|------------------|--------------------|--------------------|--------------------|
| Allegany | \$55,353 | \$81,402 | \$104,194 |
| Anne Arundel | 190,970 | 221,193 | 249,324 |
| Baltimore County | 633,064 | 752,882 | 859,146 |
| Calvert | 125,018 | 127,999 | 130,981 |
| Caroline | 14,736 | 46,426 | 77,376 |
| Carroll | 101,735 | 104,792 | 107,848 |
| Cecil | 113,934 | 144,883 | 209,866 |
| Charles | 89,042 | 113,698 | 135,160 |
| Dorchester | 24,383 | 26,629 | 28,875 |
| Frederick | 82,022 | 83,651 | 85,280 |
| Garrett | 30,292 | 36,220 | 44,378 |
| Harford | 83,520 | 85,735 | 87,949 |
| Howard | 106,212 | 124,570 | 142,928 |
| Kent | 16,152 | 20,202 | 23,002 |
| Montgomery | 767,530 | 776,986 | 784,274 |
| Prince George's | 121,770 | 311,190 | 487,080 |
| Queen Anne's | 9,308 | 21,718 | 31,025 |
| Somerset | 9,810 | 15,231 | 36,411 |
| St. Mary's | 30,251 | 33,331 | 26,331 |
| Talbot | 15,146 | 29,710 | 39,613 |
| Washington | 79,680 | 82,268 | 84,856 |
| Wicomico | 15,058 | 44,279 | 71,953 |
| Worcester | 37,934 | 49,434 | 59,632 |
| Total | \$2,752,920 | \$3,334,429 | \$3,907,482 |

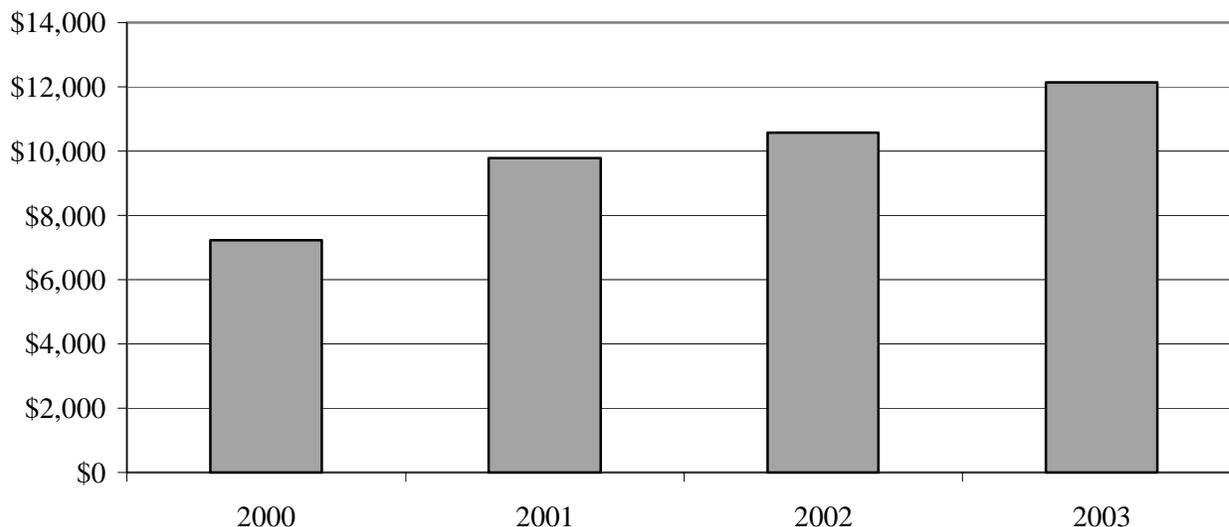
Source: Department of Legislative Services Fiscal Note for HB 474 (1986)

2. State Use Industries

State Use Industries (SUI) provides work and job training for inmates incarcerated in DOC. SUI produces goods and supplies services at a cost that does not exceed the prevailing average market price. These goods and services are used by local, State, and federal agencies. They are also available for purchase by charitable, civic, educational, fraternal, or religious organizations.

In an effort to balance the budget during the recent fiscal crisis, \$2.0 million in special funds was transferred from SUI's fund balance to the general fund in fiscal 2002, 2003, and 2004. The Fund Transfers Act of 2004 (SB 509) proposes to transfer \$2.0 million in special funds from SUI to the

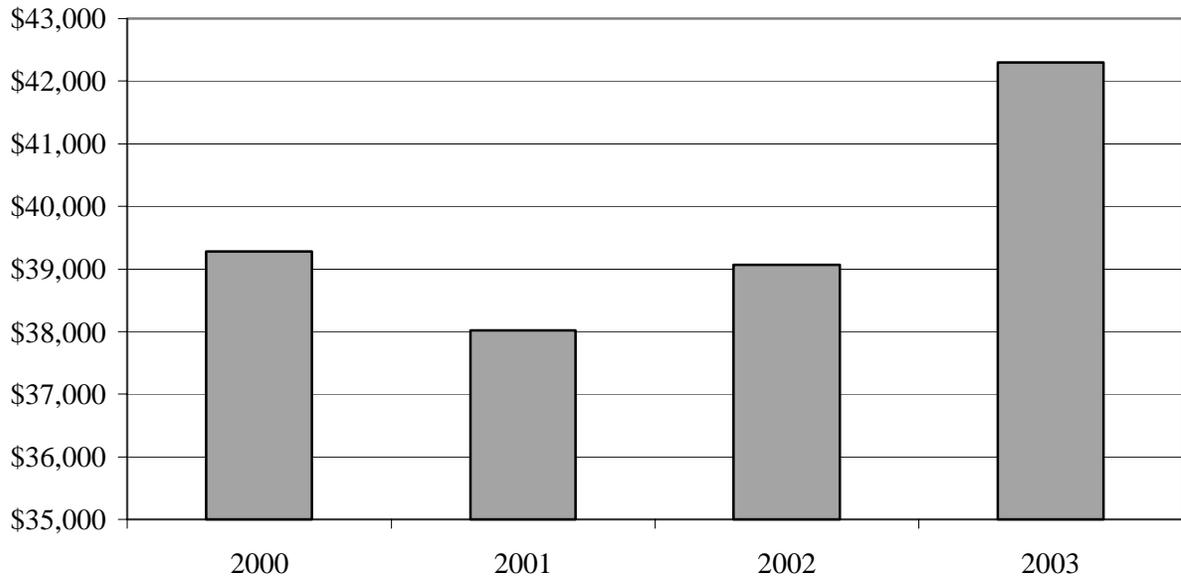
Exhibit 11
SUI Cash Balance at the End of the Year
Fiscal 2000 - 2003
(\$ in Thousands)



Source: Department of Budget and Management Budget Books

general fund to balance the fiscal 2005 budget. **Exhibit 11** shows that even after the transfers, SUI has maintained an increasing cash balance. The balance has increase 67.7% between fiscal 2000 and 2003. **Exhibit 12** shows SUI's receipts from customers. Customer receipts have increased by 7.7%, or \$3.0 million between fiscal 2000 and 2003. The department has submitted a bill (HB 887) that permits SUI special funds to be used to help improve the employability of DOC inmates. **DLS recommends the adoption of amendments to budget reconciliation legislation that annually requires \$2.0 million to be transferred from the SUI special fund to address the concerns raised by the U.S. Department of Justice and the federal courts.**

Exhibit 12
SUI Receipts from Customers
Fiscal 2000 - 2003
(\$ in Thousands)



Source: Department of Budget and Management Budget Books

Recommended Actions

1. Add the following language:

Provided that the Division of Correction shall abolish 100 vacant correctional officer positions by June 30, 2005.

Explanation: The Department of Public Safety and Correctional Services conducted a post analysis to determine the number of correctional officers that are necessary to maintain safe and secure facilities. The result of the analysis showed that there were an excess number of correctional officers in the Division of Correction and the Patuxent Institution. The elimination of the vacant positions will begin to bring the division in line with its actual personnel needs.

2. Add the following language:

Provided that no funds may be expended to expand the educational services within the division. Further provided that \$1,200,000 of general funds may only be expended for the purpose of providing assessments to inmates upon intake into the Division of Correction and for inmates who compose the division's standing population and may not be transferred, by budget amendment or otherwise, to any other purpose. Funds not expended to provide assessments to the inmate population at the end of the fiscal year, shall revert to the general fund. The division shall provide the General Assembly a report of the results of the inmate assessments by November 1, 2004. The report shall detail the number of inmates assessed as well as the aggregate length of stay at the time of the assessment, the remaining sentence, the educational level, the substance abuse considerations, and the method for calculating the inmates' amenability to treatment.

Explanation: The Department of Public Safety and Correctional Services has developed a new initiative entitled Reentry Enforcement Services Targeting Addiction, Rehabilitation, and Treatment (RESTART). The RESTART initiative is designed to provide substance abuse, educational, cognitive restructuring, and transitional services to inmates reentering the community. The General Assembly believes that the first fiscally responsible step in ensuring the initiative's success is to determine how many inmates can benefit from the programs proposed in the initiative. The assessment should not only measure the population's programmatic needs, but also the population's willingness to participate in the initiative's components. The report should distinguish the aggregate results for inmates in the standing population from those that are new to the division.

Q00B00 – DPSCS – Division of Correction

| Information Request | Author | Due Date |
|--|---------------|------------------|
| Report on the assessment of inmates and their amenability to treatment | DPSCS | November 1, 2004 |

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

. provided that \$547,082 of this appropriation shall be reduced contingent upon the failure of HB 379.

Explanation: The department has indicated that surplus funds in the inmate food and contractual services are available to fund the higher retirement costs and salaries for the transition of the Internal Investigation Unit into the Division of Police Services. The transition is contingent on the passage of House Bill 379 (HB 379). If HB 379 is not enacted, the surplus should be reduced.

| | <u>Amount Reduction</u> | |
|--|------------------------------------|----|
| 4. Reduce overtime to reflect implementation of post analysis plan. | \$ 700,000 | GF |
| 5. Reduce partial funding for salaries and benefits to permit abolition of 100 vacant regular correctional officer positions through attrition by June 30, 2005. The completion of a post analysis for the State's custody facilities determined that system-wide there were an excess of correctional officers. This reduction brings the division partially in line with its staffing needs. | 2,825,951 | GF |
| Total General Fund Reductions | \$ 3,525,951 | |

Current and Prior Year Budgets

Current and Prior Year Budgets Division of Correction (\$ in Thousands)

| | <u>General Fund</u> | <u>Special Fund</u> | <u>Federal Fund</u> | <u>Reimb. Fund</u> | <u>Total</u> |
|----------------------------------|-------------------------|-------------------------|-------------------------|------------------------|------------------|
| Fiscal 2003 | | | | | |
| Legislative Appropriation | \$519,335 | \$56,788 | \$4,162 | \$5,504 | \$585,789 |
| Deficiency Appropriation | 7,257 | 0 | 0 | 0 | 7,257 |
| Budget Amendments | -514 | 430 | 1,657 | 46 | 1,619 |
| Cost Containment | -7,000 | 0 | 0 | 0 | -7,000 |
| Reversions and Cancellations | -1,985 | -1,379 | -160 | -837 | -4,361 |
| Actual Expenditures | \$517,093 | \$55,839 | \$5,659 | \$4,714 | \$583,304 |
| Fiscal 2004 | | | | | |
| Legislative Appropriation | \$511,474 | \$55,808 | \$4,900 | \$5,934 | \$578,115 |
| Cost Containment | -3,112 | 0 | 0 | 0 | -3,112 |
| Budget Amendments | 0 | 0 | 0 | 250 | 250 |
| Working Appropriation | \$508,362 | \$55,808 | \$4,900 | \$6,184 | \$575,254 |

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

Fiscal 2003

Fiscal 2003 Deficiencies

| <u>Amount</u> | <u>Rationale</u> |
|----------------------|--|
| \$6,440,000 | Increases in inmate medical services and overtime |
| 215,820 | Increases in inmate food service cost |
| 601,000 | Additional bed space for female inmates due to population pressures at the Maryland Correctional Institution for Women |
| \$7,256,820 | Total |

Source: 2003 Budget Bill

The cost containment reduction of approximately \$7.0 million is primarily attributable to statewide staffing reductions, transit subsidy reductions, and other operating categories.

A general fund reversion of approximately \$2.0 million is attributable to mandatory reversions for employee and retiree health insurance, employee transit subsidies, and deficiency appropriations for opening a new facility that did not open during the fiscal year.

A cancellation of approximately \$1.4 million of special funds is attributable to the under attainment of inmate welfare funds and other revenue.

The cancellation of approximately \$837,000 is attributable to under attainment of State Highway Administration revenue and lack of funding from the Governor's Office of Crime Control and Prevention.

Fiscal 2004

The fiscal 2004 cost containment is attributable to reductions in custody overtime and in equipment.

**Object/Fund Difference Report
DPSCS - Division of Correction**

| <u>Object/Fund</u> | <u>FY03 Actual</u> | <u>FY04 Working Appropriation</u> | <u>FY05 Allowance</u> | <u>FY04 - FY05 Amount Change</u> | <u>Percent Change</u> |
|------------------------------|------------------------|---|---------------------------|--------------------------------------|---------------------------|
| Positions | | | | | |
| 01 Regular | 7528.50 | 7264.50 | 7274.50 | 10.00 | 0.1% |
| 02 Contractual | 34.18 | 82.11 | 94.76 | 12.65 | 15.4% |
| Total Positions | 7562.68 | 7346.61 | 7369.26 | 22.65 | 0.3% |
| Objects | | | | | |
| 01 Salaries and Wages | \$ 397,227,140 | \$ 383,091,264 | \$ 390,452,263 | \$ 7,360,999 | 1.9% |
| 02 Technical & Spec Fees | 1,034,436 | 1,579,345 | 2,595,766 | 1,016,421 | 64.4% |
| 03 Communication | 2,249,162 | 1,560,600 | 1,882,408 | 321,808 | 20.6% |
| 04 Travel | 205,181 | 233,814 | 169,941 | -63,873 | -27.3% |
| 06 Fuel & Utilities | 25,293,306 | 23,828,845 | 24,359,956 | 531,111 | 2.2% |
| 07 Motor Vehicles | 1,818,024 | 2,316,694 | 2,164,196 | -152,498 | -6.6% |
| 08 Contractual Services | 69,705,037 | 73,566,746 | 74,814,030 | 1,247,284 | 1.7% |
| 09 Supplies & Materials | 51,425,458 | 51,769,536 | 52,753,929 | 984,393 | 1.9% |
| 10 Equip - Replacement | 842,084 | 600,893 | 499,432 | -101,461 | -16.9% |
| 11 Equip - Additional | 1,495,357 | 420,607 | 243,706 | -176,901 | -42.1% |
| 12 Grants, Subsidies, Contr. | 30,852,352 | 34,887,620 | 34,912,367 | 24,747 | 0.1% |
| 13 Fixed Charges | 1,146,831 | 1,397,739 | 1,354,492 | -43,247 | -3.1% |
| 14 Land & Structures | 9,832 | 0 | 0 | 0 | 0.0% |
| Total Objects | \$ 583,304,200 | \$ 575,253,703 | \$ 586,202,486 | \$ 10,948,783 | 1.9% |
| Funds | | | | | |
| 01 General Fund | \$ 517,093,035 | \$ 508,361,764 | \$ 518,624,832 | \$ 10,263,068 | 2.0% |
| 03 Special Fund | 55,838,921 | 55,807,784 | 57,170,050 | 1,362,266 | 2.4% |
| 05 Federal Fund | 5,658,623 | 4,899,996 | 4,897,952 | -2,044 | 0% |
| 09 Reimbursable Fund | 4,713,621 | 6,184,159 | 5,509,652 | -674,507 | -10.9% |
| Total Funds | \$ 583,304,200 | \$ 575,253,703 | \$ 586,202,486 | \$ 10,948,783 | 1.9% |

Note: The fiscal 2004 appropriation does not include deficiencies and the fiscal 2005 allowance does not reflect contingent reductions.

**Fiscal Summary
DPSCS - Division of Correction**

| <u>Unit/Program</u> | <u>FY03 Actual</u> | <u>FY04 Legislative Appropriation</u> | <u>FY04 Working Appropriation</u> | <u>FY03 - FY04 % Change</u> | <u>FY05 Allowance</u> | <u>FY04 - FY05 % Change</u> |
|--|------------------------|---|---|---------------------------------|---------------------------|---------------------------------|
| 01 General Administration | \$ 5,459,534 | \$ 6,524,882 | \$ 6,756,540 | 23.8% | \$ 6,848,367 | 1.4% |
| 02 Classification, Education & Religious Services | 17,991,702 | 21,630,085 | 21,177,589 | 17.7% | 21,282,541 | 0.5% |
| 03 Canine Operations | 1,950,777 | 2,023,165 | 2,001,890 | 2.6% | 1,935,267 | -3.3% |
| 01 Maryland House of Correction | 38,958,756 | 35,885,618 | 35,427,905 | -9.1% | 36,423,714 | 2.8% |
| 02 Maryland House of Correction Annex | 35,098,422 | 33,738,384 | 33,165,235 | -5.5% | 33,916,848 | 2.3% |
| 03 Maryland Correctional Institution - Jessup | 24,967,428 | 24,818,525 | 24,551,226 | -1.7% | 24,964,636 | 1.7% |
| 01 Metropolitan Transition Center | 40,536,289 | 36,282,529 | 35,937,258 | -11.3% | 36,777,737 | 2.3% |
| 03 Maryland Correctional Adjustment Center | 15,371,052 | 15,302,536 | 15,029,752 | -2.2% | 15,233,432 | 1.4% |
| 04 Maryland Reception, Diagnostic, and Classification | 28,662,144 | 28,924,143 | 28,624,367 | -0.1% | 29,380,022 | 2.6% |
| 05 Baltimore Pre-Release Unit | 3,299,476 | 3,275,620 | 3,245,958 | -1.6% | 3,268,555 | 0.7% |
| 06 Home Detention Unit | 5,185,545 | 5,218,483 | 5,218,483 | 0.6% | 5,340,497 | 2.3% |
| 07 Baltimore City Correctional Center | 8,658,800 | 8,543,650 | 8,543,650 | -1.3% | 8,688,964 | 1.7% |
| 01 Maryland Correctional Institution - Hagerstown | 47,672,333 | 46,646,274 | 46,627,969 | -2.2% | 46,792,878 | 0.4% |
| 02 Maryland Correctional Training Center | 45,508,762 | 47,313,532 | 47,284,544 | 3.9% | 47,215,515 | -0.1% |
| 03 Roxbury Correctional Institution | 33,084,338 | 34,231,394 | 34,214,474 | 3.4% | 33,668,466 | -1.6% |
| 01 Maryland Correctional Institution for Women | 18,455,859 | 19,113,499 | 19,092,589 | 3.5% | 20,289,890 | 6.3% |
| 02 Pre-Release Unit for Women | 4,176,924 | 3,942,911 | 3,928,135 | -6.0% | 4,021,224 | 2.4% |
| 01 General Administration | 7,467,240 | 6,099,987 | 6,097,493 | -18.3% | 6,529,911 | 7.1% |
| 02 Brockbridge Correctional Facility | 12,793,403 | 12,483,333 | 12,472,264 | -2.5% | 12,794,312 | 2.6% |
| 03 Jessup Pre-Release Unit | 11,009,320 | 10,713,099 | 10,709,686 | -2.7% | 10,893,265 | 1.7% |
| 05 Southern Maryland Pre-Release Unit | 3,228,271 | 3,065,470 | 3,060,139 | -5.2% | 3,210,960 | 4.9% |
| 06 Eastern Pre-Release Unit | 3,196,310 | 2,989,078 | 2,976,926 | -6.9% | 3,035,192 | 2.0% |
| 11 Central Laundry Facility | 9,834,793 | 9,373,048 | 9,284,173 | -5.6% | 9,286,790 | 0% |
| 12 Toulson Boot Camp | 7,954,760 | 7,548,457 | 7,477,541 | -6.0% | 7,725,926 | 3.3% |
| 01 Eastern Correctional Institution | 68,380,534 | 67,141,455 | 67,092,402 | -1.9% | 68,836,450 | 2.6% |
| 02 Poplar Hill Pre-Release Unit | 3,259,215 | 3,186,769 | 3,186,769 | -2.2% | 3,312,561 | 3.9% |
| 01 Western Correctional Institution | 38,418,283 | 37,813,423 | 37,793,960 | -1.6% | 38,510,476 | 1.9% |
| 02 North Branch Correctional Institution | 4,210,629 | 6,220,773 | 6,209,523 | 47.5% | 6,639,126 | 6.9% |
| 01 State Use Industries | 38,513,301 | 38,065,263 | 38,065,263 | -1.2% | 39,378,964 | 3.5% |
| Total Expenditures | \$ 583,304,200 | \$ 578,115,385 | \$ 575,253,703 | -1.4% | \$ 586,202,486 | 1.9% |

| | | | | | | |
|-----------------------------|-----------------------|-----------------------|-----------------------|--------------|-----------------------|-------------|
| General Fund | \$ 517,093,035 | \$ 511,473,852 | \$ 508,361,764 | -1.7% | \$ 518,624,832 | 2.0% |
| Special Fund | 55,838,921 | 55,807,783 | 55,807,784 | -0.1% | 57,170,050 | 2.4% |
| Federal Fund | 5,658,623 | 4,899,995 | 4,899,996 | -13.4% | 4,897,952 | 0% |
| Total Appropriations | \$ 578,590,579 | \$ 572,181,633 | \$ 569,069,544 | -1.6% | \$ 580,692,834 | 2.0% |
| Reimbursable Fund | \$ 4,713,621 | \$ 5,933,752 | \$ 6,184,159 | 31.2% | \$ 5,509,652 | -10.9% |
| Total Funds | \$ 583,304,200 | \$ 578,115,385 | \$ 575,253,703 | -1.4% | \$ 586,202,486 | 1.9% |

Note: The fiscal 2004 appropriation does not include deficiencies and the fiscal 2005 allowance does not reflect contingent reductions.