

V10A
Department of Juvenile Services

Operating Budget Data

(\$ in Thousands)

	FY 04	FY 05	FY 06	FY 05-06	% Change
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>	<u>Prior Year</u>
General Fund	\$170,340	\$176,739	\$178,737	\$1,998	1.1%
Special Fund	202	248	253	5	2.0%
Federal Fund	15,635	15,358	16,897	1,539	10.0%
Reimbursable Fund	<u>2,070</u>	<u>140</u>	<u>306</u>	<u>166</u>	<u>118.5%</u>
Total Funds	\$188,247	\$192,485	\$196,193	\$3,708	1.9%
Contingent & Back of Bill Reductions			-405	-405	
Adjusted Total	\$188,247	\$192,485	\$195,788	\$3,303	1.7%

- The Department of Juvenile Services reported just under \$1.6 million in unprovided for general fund payables during fiscal 2004 closeout. No deficiency is provided to cover this deficit nor to cover an anticipated deficit in fiscal 2005 residential per diem expenditures.
- Without accounting for unbudgeted costs, the fiscal 2006 allowance is just over \$3.3 million (1.7%) above the fiscal 2005 working appropriation.
- The budget provides for a small increase in funding for non-residential services in an attempt to divert youth from residential placements but assumes an unrealistic amount of savings in residential placement expenditures.

Personnel Data

	FY 04	FY 05	FY 06	FY 05-06
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>
Regular Positions	1,938.85	1,962.85	2,090.85	128.00
Contractual FTEs	<u>306.00</u>	<u>276.00</u>	<u>216.85</u>	<u>-59.15</u>
Total Personnel	2,244.85	2,238.85	2,307.70	68.85

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	146.15	6.99%
Positions Vacant as of 12/31/04	251.40	12.81%

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

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- The fiscal 2006 allowance includes 214 new full-time equivalent (FTE) regular positions offset by 86 FTE abolitions.
- Most of the new positions are at the Hickey School (209 FTEs).
- Although contractual employment falls in fiscal 2006 from fiscal 2005 levels, the underlying use of contractals (discounting the emergency use of contractals at Hickey following the State takeover of operations at that facility) increases.

Analysis in Brief

Major Trends

Juvenile Arrest Rates: For the first time in recent years, trends in juvenile arrest rates worsened.

Department of Juvenile Services (DJS) Populations: Trends in secure detention and committed residential populations are positive. However, the number of youth in secure detention pending placement in a committed residential program remains stubbornly high.

Outcomes: Long-term and short-term recidivism levels for youth served at State-operated and State-owned and privately-operated facilities show little evidence of improvement despite the investments made in enhanced service provision and aftercare.

Issues

Gap Analysis Report: Phase I of a two-phase process to develop a new facilities master plan for DJS has been completed. In addition to making a series of programmatic recommendations, the report sets the stage for the key decisions that have to be made in order to shape the ultimate direction of the facilities master plan.

Maryland and Missouri: Much has been written about the success of Missouri's Division of Youth Services in providing programming in state-run committed facilities. While direct comparisons between the two states are unwise, there is no doubt that Maryland can learn lessons from Missouri.

Baltimore City Juvenile Justice Center (BCJJC): As Maryland began to expand the number of youth served at the BCJJC, the complaints grew forcing the department to downsize operational capacity. In October the department committed to providing the staffing necessary to operate at full capacity if need be. It is unclear if that commitment has been met.

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Recommended Actions

	<u>Funds</u>	<u>Positions</u>
1. Add language reducing funding for contractual employment.		
2. Add language withholding funds pending the submission of two reports concerning the implementation of the recommendations in the December 2004 Gap Analysis Report.		
3. Delete seven vacant positions in the Office of the Secretary.	\$ 408,701	7.0
4. Delete two positions in Office of the Secretary by streamlining the communications and community affairs functions.	102,000	2.0
5. Reduce funds for video surveillance at Hickey and Waxter.	1,790,000	
6. Reduce funds for 2-way radios.	1,000,000	
7. Reduce funds for disaster recovery solution.	210,000	
8. Reduce funds for applications software.	150,000	
9. Delete Assistant Secretary position by streamlining upper level management in Headquarters operations.	106,533	1.0
10. Reduce funds for uniforms at Hickey.	80,000	
Total Reductions	\$ 3,847,234	10.0

Updates

The Lower Shore Drill Academy: Less than one year after opening, DJS ended the placement of DJS youth at the Lower Shore Drill Academy. The Department is currently reviewing the program to see if it can be salvaged.

U.S. Department of Justice Investigation: There is still no resolution to the Civil Rights Division investigation of programming at Hickey and Cheltenham.

Evening Reporting Centers: After much delay, both evening reporting centers that were included in the fiscal 2005 budget were finally opened.

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Operating Budget Analysis

Program Description

Functionally, the Department of Juvenile Services (DJS) is broken down into two major areas: Leadership Support and Restorative Services Operations.

The Leadership Support area is essentially headquarters operations that provide guidance and centralized services to the other part of the agency. It consists of three areas:

- **Office of the Secretary** which includes such functions as communications, community affairs, and legal support;
- **Departmental Support** which includes such functions as human resources, capital planning, property management, procurement, information technology, and professional development and training; and
- **Professional Responsibility and Accountability** which includes child advocacy, audits, professional standards, and quality assurance.

The Restorative Services Operations area consists of programs delivering services to youth. It also consists of three areas:

- **Health Services** which provides somatic and mental health, substance abuse, and nutrition services to DJS youth;
- **Residential Operations**, including private and State residential facilities as well as related services; and
- **Community Services Supervision**, including intake, probation, aftercare, and community detention utilizing a five-area configuration with field offices throughout the State.

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

As a backdrop for a discussion of activity in DJS, **Exhibit 1** presents certain juvenile arrest data for calendar 1999 through 2003. The data uses distinctions found in the *Uniform Crime Reports*. Part 1 arrests are those 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 serious property crimes.

Exhibit 1
Juvenile Arrest Data (Age 10 through 17) – Maryland
Calendar 1999 – 2003

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>1999-2003</u> <u>Annual %</u> <u>Change</u>	<u>2002-2003</u> <u>Annual %</u> <u>Change</u>
Total Arrests	48,332	48,167	48,318	46,503	50,741	1.2	9.1
Arrest Rate	8,247.9	7,877.4	7,674.3	7,269.0	7,758.8	-1.5	6.7
Part 1 Arrests	15,045	15,629	14,993	14,526	15,582	0.9	7.3
Part 1 Arrest Rate	2,567.5	2,556.0	2,381.3	2,270.6	2,382.6	-1.9	4.9
Part 1 Arrests:							
a. Violent Crimes	2,995	3,204	3,244	3,081	3,199	1.7	3.8
Violent Crime Rate	511.1	524.0	515.2	481.6	489.2	-1.1	1.6
b. Property Crimes	12,050	12,425	11,749	11,445	12,383	0.7	8.2
Property Crime Rate	2,056.4	2,032.0	1,866.1	1,789.0	1,893.5	-2	5.8
Part 2 Arrests	33,287	32,538	33,325	31,977	35,159	1.4	10
Part 2 Arrest Rate	5,680.5	5,321.4	5,290.3	4,998.4	5,376.2	-1.4	7.6

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

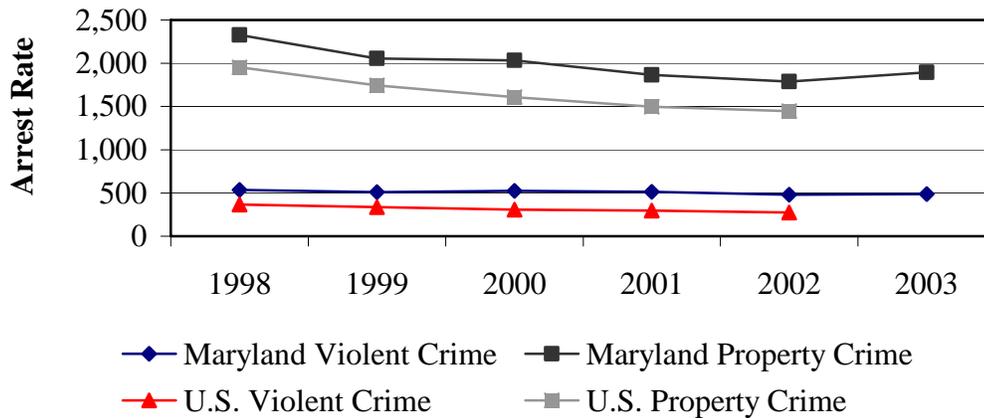
Source: U.S. Census; *Uniform Crime Reports*; Office for Children, Youth, and Families; Department of Legislative Services

Distinct from recent years when virtually all trends in juvenile arrest data were improving both in the long-term (over five years) and short-term (one-year), in 2003 long-term trends are becoming mixed, and short-term trends are universally worse. Total arrests jump over 9% from 2002 to 2003. The driver behind this number is arrests for less serious offenses (Part 2 arrests). However, serious property crime arrests and arrest rates are notably higher in 2003 compared to 2002.

In terms of DJS workload, this increase in the number of juvenile arrests should translate into additional complaints handled by the department, and indeed for data for the most recently completed fiscal year which includes six months of arrest data from 2003, there is a small increase.

National juvenile arrest data is generally one year behind the available state data. Comparisons between the national data and State data are always made with the reservation that local arrest data naturally reflects local attributes (for example, policing standards, reporting standards, and priorities). Nevertheless, as shown in **Exhibit 2**:

Exhibit 2
Juvenile Violent and Serious Property Crime Index
Maryland and the U.S.
1998 – 2003



Notes: Arrest rate per 100,000 juveniles age 10 through 17.
 Data for U.S. for 2003 are not available

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

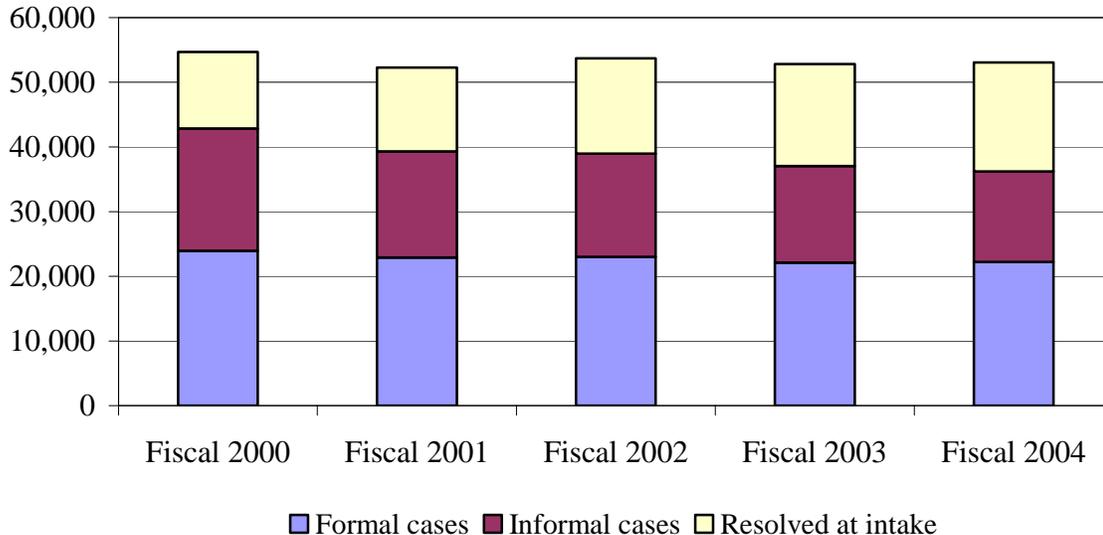
- Between 1998 and 2002, both State and national juvenile violent and serious property crime rates fell.
- The rate of decline at the national level was greater than that at the State level for both violent crime (an annual average decline of 6.9% nationally compared to 2.6% in Maryland) and serious property crime (an annual average decline of 7.2% nationally compared to 6.4% in Maryland).
- 2002 national violent crime rates were the lowest since 1987; similarly, 2002 national serious property crime rates were the lowest for three decades. It will be interesting to see if national rates continue to fall in 2003 or, as in Maryland, they rise.

DJS Populations

DJS handled 53,765 total complaints in fiscal 2004, a slight increase over fiscal 2003 (0.5%). **Exhibit 3** provides details on disposition for those cases for which the complaint disposition was known. The fiscal 2004 data reinforce trends that have become apparent in recent years:

- 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 a small increase from fiscal 2003 to 2004. However, as a percentage of all complaints resolved, the formal caseload is little changed over the five-year period.

**Exhibit 3
Department of Juvenile Services Complaint Disposition
Fiscal 2000 – 2004**



Note: In fiscal 2001 through 2004, DJS was not able to confirm the complaint disposition of 163, 533, 639 and 607 complaints respectively.

Source: Department of Juvenile Services

- Complaints resolved at intake, those complaints determined by an intake officer to require no further intervention by DJS or the court to protect the public or help the youth, have increased significantly in recent years reversing an earlier trend. In fiscal 1997 almost one of every two complaints resolved by DJS was resolved at intake. By fiscal 2000, only one-in-five complaints were resolved at intake underscoring the notion within the juvenile justice system that actions have consequences. However, beginning in fiscal 2001, the number of cases resolved at intake began to increase and are now back to almost one-third of all cases.

There are four possible explanations for this trend. First, an emphasis on consequences only works if the resources are available to provide appropriate intervention services. As the recent Gap Analysis Report commissioned by DJS notes, while the State possesses a range of immediate responses for youth, there are holes in those services. Secondly, closing fewer cases at intake obviously increases demand on staff who are already handling high caseloads. Third, the department has been implementing a new risk and needs assessment tool to be administered to all youth entering intake in order to focus on those youth who are most likely to benefit from further intervention. This tool certainly did not start this move away from cases being closed at intake, but its widespread use could certainly be diverting youth from deeper penetration into the juvenile justice system. Finally, it is possible DJS is getting more referrals for minor infractions.

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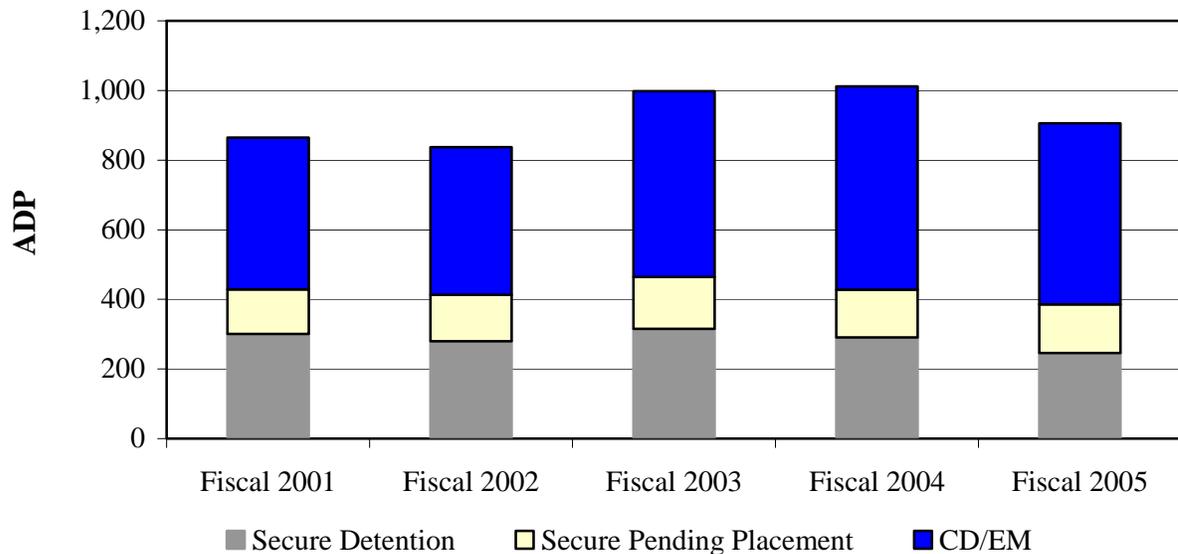
- The trend in complaints resolved at intake is countered by the trend in complaints resolved through informal supervision. Informal supervision occurs when an intake officer determines that the youth, or the youth’s family, is required to seek assistance in preventing further legal violations, but where the youth does not require and/or may not benefit from judicial intervention or long-term formal supervision.

Placement Trends

Pre-adjudication/Pending Placement Population

Exhibit 4 details average daily population (ADP) trends for DJS’s more intensive pre-adjudication programs as well as the secure pending placement population (youth who have been adjudicated delinquent and are held in a secure detention facility pending a permanent committed placement). A number of points can be made from this chart:

Exhibit 4
Various Pre-adjudication and Pending Placement Data
Fiscal 2001 – 2005



CD/EM = Community Detention/Electronic Monitoring

Note: Fiscal 2005 data are through December 2004

Source: Department of Juvenile Services; Department of Legislative Services

- The most positive development is that secure detention ADP fell from 315 in fiscal 2003 to 291 in fiscal 2004 and has continued to fall in the first 6 months of fiscal 2005. The department has been working with risk assessment tools and a confinement review process to limit the use of secure detention to those youth who appropriately need that level of confinement.

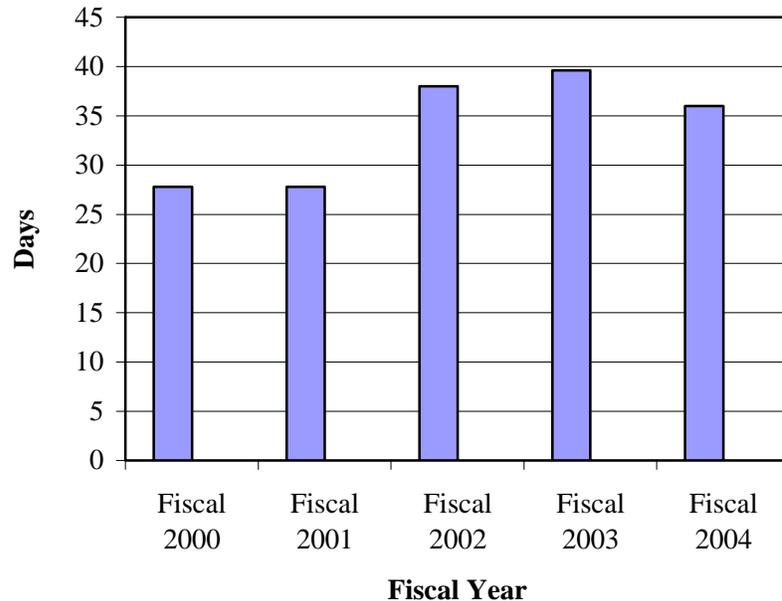
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- It appears that youth who might otherwise have been placed in secure detention are instead being placed in community detention/electronic monitoring (CD/EM). Use of CD/EM increased significantly between fiscal 2002 and 2004. This diversion of youth from secure detention is a positive trend. However, as noted in the recently-submitted Gap Analysis Report, the use of CD/EM has grown at a much quicker rate than the decline of secure detention. The report attributes this to the notion of “net widening”, that is rather than only diverting youth from secure detention into an alternative program, the expansion of CD/EM has also drawn into the program youth who do not need that level of supervision.
- The dispiriting trend continues to be that the pending placement population shows little sign of diminishing. Even though, as shown in **Exhibit 5**, the average length of stay (ALOS) in pending placement fell slightly in fiscal 2004 to 36 days, that is still much higher than the last stated departmental benchmark for pending placement of 25 days.

Arguably, resolving the pending placement problem is one of the key outstanding issues in determining the future of juvenile facility development in Maryland. Secure detention facilities and the concomitant programming differ from that of residential committed facilities. Thus, the pending placement population represents a population that is housed in one environment while needing the services of a different one. If DJS were able to significantly reduce the pending placement population, it dramatically alters the framework for debate about the size of secure detention capacity needed in Maryland. At the same time, it obviously influences the extent and type of committed placements or placement alternatives the State should be developing.

For example, one segment of the pending placement population that is difficult to serve, and who tend to languish for the longest time in pending placement, are youth needing Residential Treatment Center (RTC)-level care. At the same time, vacancy levels at both private and State-run RTCs have been increasing dramatically in recent months. While DJS and Department of Health and Mental Hygiene (DHMH) have been making efforts to expand RTC beds available to DJS youth at one State facility (Regional Institute for Children and Adolescents – Southern Maryland) it could be argued that efforts to get private providers to accept DJS youth need to be intensified. More importantly, State RTCs are intended to supplement private RTC capacity. If these youth are not being served by private providers, these State facilities need to alter their focus and programming to appropriately serve them.

Exhibit 5
Department of Juvenile Services
Pending Placement ALOS
Fiscal 2000 – 2004



Source: Department of Juvenile Services

- Although the trend in secure detention is positive, there continues to be a mis-match between the location where youth are actually held in secure detention/pending placement and the capacity at which DJS would like to actually operate those facilities. As shown in **Exhibit 6**, while the current population in secure detention/pending placement is almost at the level DJS projects for fiscal 2006, the distribution of that population is not. Specifically, the current population at Baltimore City Juvenile Justice Center (BCJJC) is far below the department estimates for fiscal 2006. This reflects recent criticism of conditions at BCJJC and the removal of youth to other facilities in order to lower the population. Indeed, the Gap Analysis Report underscores the criticism of the BCJJC by noting that its poor design should effectively limit its operational capacity to 108 youth. This inability to use the BCJJC at its intended capacity level of 144 will result in higher than intended populations at most other secure detention facilities, but in particular at Hickey.

Exhibit 6
**Current and Proposed Use of Secure Detention/
Secure Pending Placement Operating Plan**
Fiscal 2005 and 2006 (ADP)

	<u>Fiscal 2005</u>	<u>Fiscal 2006</u>	<u>Difference</u>
BCJJC	95	132	37
Cheltenham	70	67	-3
Lower Eastern Shore	18	20	2
Western Maryland	20	17	-3
Carter	21	17	-4
Noyes	55	48	-7
Hickey	72	48	-24
Waxter	35	30	-5
Total	386	379	

Note: Fiscal 2005 data are through December 2004

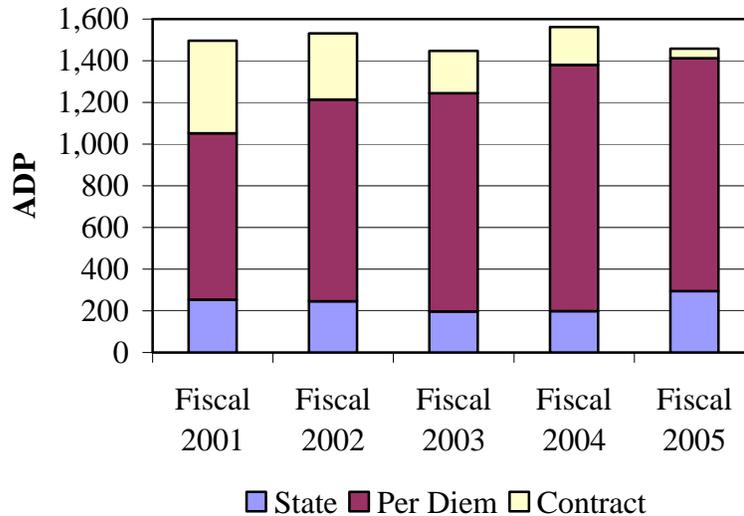
Source: Department of Juvenile Services; Department of Legislative Services

Committed Residential Population

As shown in **Exhibit 7**, through the first 6 months of fiscal 2006, the ADP of youth in committed residential programs is down just over 100 from fiscal 2004. The fiscal 2004 ADP of 1,562 youth represented a recent high watermark for this population. The exhibit, also illustrates a change in the mix of service delivery for this population. With the State takeover of programming at the Hickey school, only one major residential committed program is now operated by a private contractor at a State-owned facility: O'Farrell. The majority of youth committed to residential placements, 76% in fiscal 2004 rising slightly to 77% in fiscal 2005, are in private per diem facilities (a mix of foster care, group homes, and residential treatment centers).

Up to fiscal 2003, as was true statewide, DJS reported a declining number of out-of-state placements. However, in fiscal 2004 DJS's use of out-of-state placements increased, and this practice continues in fiscal 2005. However, it should be noted that there is some confusion about the reporting of out-of-state placements prior to fiscal 2003. For some reason, placements at Glen Mills in Pennsylvania were not being reported as out-of-state placements.

Exhibit 7
Committed Residential Populations ADP
Fiscal 2001 – 2005



Note: Fiscal 2005 data are through December 2004

Source: Department of Juvenile Services; Department of Legislative Services

Recidivism Rates

Exhibit 8 presents selected recidivism rates for youth released from State-operated and State-owned/private-operated residential placements. For the first time in several years, DJS has been able to collect data to reflect recidivism within both the juvenile and adult criminal justice system.

Exhibit 8
Recidivism Rates to the Juvenile Justice and Criminal Justice System for Youth
Released from Residential Placements within Two and Three Years
Various Years

	Fiscal 1995		Fiscal 1997		Fiscal 1998		Fiscal 2001		Fiscal 2002	
	2 Years	3 Years								
Re-referral Juvenile/ Criminal	73%	79%	72%	76%	71%	72%	69%	75%	70%	
Re-adjudication/ Conviction	43%	49%	44%	47%	44%	45%	44%	57%	45%	
Re-commitment/ Incarceration	29%	34%	32%	32%	32%	32%	31%	38%	29%	

Source: Department of Juvenile Services; Department of Legislative Services

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This presents a fuller picture of recidivism for those older youth who age-out of the juvenile justice system. The exhibit reflects recidivism within two and three years of release. It must be noted that data prior to 2000 is presented with the caveat that it cannot be reproduced given the data conversion issues associated with the latest incarnation of DJS's case management system (the Automated Statewide Support and Information System). Data reflects the most serious subsequent penetration of the juvenile or criminal system by a youth.

A number of points can be made from the exhibit:

- Long-term trends (fiscal 1995 to 2002) for recidivism after two years of release are virtually unchanged. Re-referrals to the juvenile and criminal systems are slightly lower (73% to 70%); readjudications/convictions are slightly higher (43% to 45%), with recommitment/incarceration unchanged at 29%.
- Long-term trends (fiscal 1995 to 2001) for recidivism after three years of release are somewhat discouraging. While re-referral rates improve, readjudication/conviction and recommitment/incarceration rates actually worsen.
- Short-term trends (fiscal 2001 to 2002) for recidivism after two years of release show little change.

Given the substantial investment in residential placements and the recent emphasis on the provision of services to youth in residential placements and aftercare, it would be hoped that recidivism rates would be improving. However, as noted elsewhere in DJS's Managing for Results (MFR) submission, some services (for example, the provision of appropriate mental health, physical health, and substance abuse screenings) are still not fully available. The fiscal 2006 allowance also cuts 44 vacant positions in the health services area, reducing the commitment previously accorded to these services. Additionally, despite improvements in aftercare staffing levels (including some enhancements in the fiscal 2006 allowance), the staffing levels still do not meet DJS's own standards.

Fiscal 2005 Deficiency

There is no fiscal 2005 deficiency appropriation for DJS although the fiscal 2004 closeout audit reported just under \$1.6 million in unprovided for general fund payables, most of which related to residential per diem expenditures. In addition, as noted below, Department of Legislative Services (DLS) anticipates another significant deficiency in the residential per diem budget in fiscal 2005. DJS does have some funding in its fiscal 2005 budget to offset this deficit. Specifically, fiscal 2005 expenditures at Hickey appear to be approximately \$2.5 million less than was allocated in the fiscal 2005 budget.

Coincidentally, the budget reconciliation legislation includes language removing a budget bill restriction limiting the use of the available fiscal 2005 Hickey funds to a contract. That restriction was added in the 2004 session because at the time of budget deliberations the department was anticipating using a vendor to operate Hickey but the contract price was not known. The budget reconciliation language allows the funds to be used for the State operation of the facility and transfer the funds to other programs as necessary. **DLS recommends amending the language to limit the transfer of funds to cover reported unprovided for general fund payables and to partially offset projected deficits in residential per diem expenditures.**

Governor's Proposed Budget

As detailed in **Exhibit 9**, the Governor's fiscal 2006 allowance for DJS is \$3.3 million (1.7%) above the fiscal 2005 working appropriation. This increase is inclusive of a \$405,000 reduction to the State employee deferred compensation match contingent on budget reconciliation legislation. While the overall growth in the budget is small, the change within the budget reflects a number of significant actions.

Exhibit 9
Governor's Proposed Budget
Department of Juvenile Services
(\$ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimburs. Fund	Total
2005 Working Appropriation	\$176,739	\$248	\$15,358	\$140	\$192,485
2006 Governor's Allowance Contingent & Back of Bill Reductions	178,737 -405	253 0	16,897 0	306 0	196,193 -405
Adjusted Allowance	<u>178,332</u>	<u>253</u>	<u>16,897</u>	<u>306</u>	<u>195,788</u>
Amount Change	\$1,593	\$5	\$1,539	\$166	\$3,303
Percent Change	0.9%	2.0%	10.0%	118.5%	1.7%
Where It Goes:					
Personnel Expenses	\$6,181				
Hickey School contractual conversions (209 FTE new positions).....	\$2,940				
Cost containment and turnover	2,332				
Overtime.....	2,198				
Increments.....	1,903				
Retirement contributions.....	1,041				
Workers' compensation assessment.....	636				
Step-down aftercare enhancement (5 FTE new positions).....	107				
Savings from abolished positions (86 FTE).....	-3,965				
Employee and retiree health insurance	-753				
Other fringe benefit adjustments.....	-258				
Contractual Payroll	1,164				
Additional funding for contractual employment net of changes at the Hickey School (about 24 positions).....	1,164				
Residential Contractual Programs	-1,994				
Mount Clare	115				
O'Farrell	57				
Hickey	-2,166				
Non-residential and Residential Per Diem Expenditures	-7,361				
Per Diem Diversion non-residential programs.....	5,166				
Savings in per diem residential expenditures.....	-10,803				
Other non-residential programming.....	-1,724				

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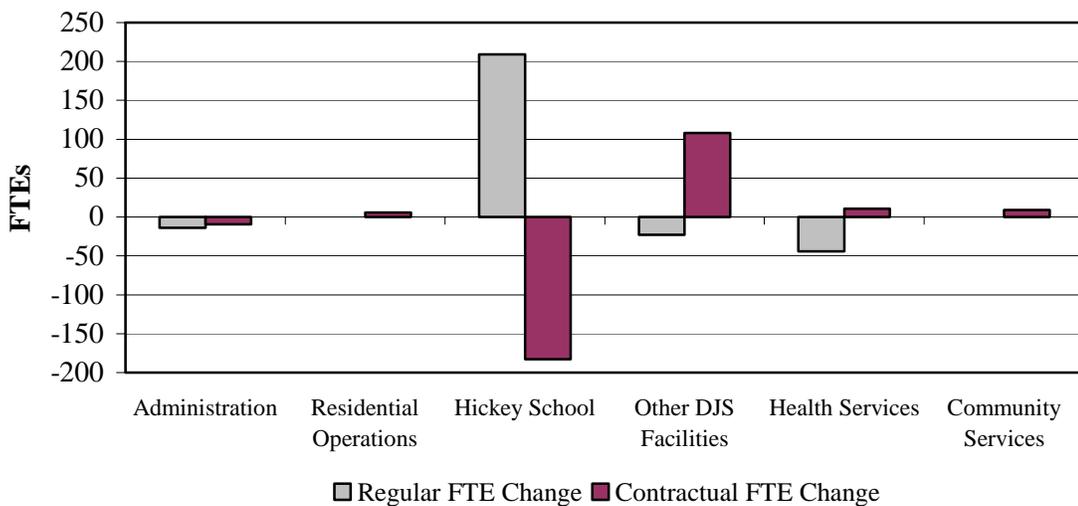
Information Technology and Electronic Equipment	3,896	
Video surveillance (Hickey and Waxter)		1,790
Radio security		1,000
Applications software		700
Disaster recovery		210
Software licenses.....		196
Facilities	1,458	
Building maintenance (includes \$750,000 for mold remediation at Hickey plus additional funding for as yet unidentified projects to address deferred maintenance backlog)		1,279
BCJJC security		179
Health Services	-119	
Drug and medical supplies (alignment to most recent actuals).....		350
Psychological evaluations (alignment to most recent actuals).....		249
Core Service Agency family health interventionists (alignment to most recent actuals).....		230
Statewide somatic health care		-584
Drug court contracts.....		-200
Drug court laboratory testing contracts.....		-164
Other Changes	78	
Insurance coverage.....		399
Capital lease payments (as yet unsigned contracts for personal computers, network equipment etc.).....		303
Night intake contracts in Baltimore City (alignment to most recent actuals)		159
Contract for family interventionists from local health departments as part of the step-down aftercare initiative		138
Variety of small speech and language, occupational therapy, psychological testing contracts for youth in residential facilities		120
Other		60
Telecommunications		-387
Various Community Justice Supervisions contracts (primarily research and special projects)...		-305
Instructional supplies (alignment to most recent actuals)		-215
Office supplies		-194
Total		\$3,303

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

Regular and Contractual Personnel

The allowance includes an additional 128 full-time equivalent (FTE) regular positions and a decline in contractual funding equivalent to 59.15 FTEs. As shown in **Exhibit 10**, while the net regular position change is 128 FTE, this reflects the addition of 214 FTE new positions, offset by 86 FTE abolitions (including 19 filled positions from which 15 employees will be transferred to other vacant positions and 4 will be laid-off). These positions are from a variety of programs throughout the department, with the health services program (44 FTE abolished positions) seeing the largest reduction.

Exhibit 10
Department of Juvenile Services
Regular and Contractual Position Changes
Fiscal 2005 – 2006



Note: The fiscal 2005 working appropriation data under-reports the current level of contractual employment.

Source: Department of Juvenile Services; Department of Legislative Services

Hickey

Virtually all of the new positions (209 FTE) are created for operations at Hickey. The fiscal 2005 budget assumed that the Hickey school would be operated on a contract. During the 2004 session, DJS stated that it would operate Hickey for a temporary period during the transition from one vendor to the next. Accordingly, significant levels of contractual employees were added to the department’s budget. However, during the 2004 interim DJS announced that there was no suitable response to the Requests for Proposals issued to operate the facility. The only offeror made a bid significantly higher than the \$17.1 million set aside to operate the facility. Additionally, the offeror indicated that they would only bring on programming sequentially as facilities were brought up to industry standards. Thus, the department decided to assume permanent control of the facility.

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Ultimately, while DJS’s operation of Hickey will cost below the \$17.1 million level anticipated in the fiscal 2005 budget, as shown in **Exhibit 11**, the department’s budget plan serves significantly fewer youth. The department now indicates it will operate Hickey closer to the fiscal 2005 year-to-date population. It is unclear if the fiscal 2006 resource allocation for Hickey can adequately serve that population. Additionally, plans to expand committed residential placements at Cheltenham and Victor Cullen, as communicated to the budget committees in October 2004, have for the time-being been postponed. The department’s MFR apparently mistakenly includes the proposed development of a 12-bed impact program at Cheltenham although the budget does not reflect the development of this programming.

Exhibit 11
Hickey School Shifting Populations (ADP)

<u>Population/Program</u>	<u>Fiscal 2005 Proposed RFP</u>	<u>Fiscal 2005 Plan as Stated October 2004</u>	<u>Fiscal 2005 Year-to-date</u>	<u>Fiscal 2006 Proposed</u>
Secure detention/pending placement	48	60	72	48
Minimum Security	96	40	59	40
Maximum Security	120	48	44	65
Total	264	148	175	153

Note: Data excludes privately-operated sex offender program.

Source: Department of Juvenile Services; Department of Legislative Services

Step-down Aftercare

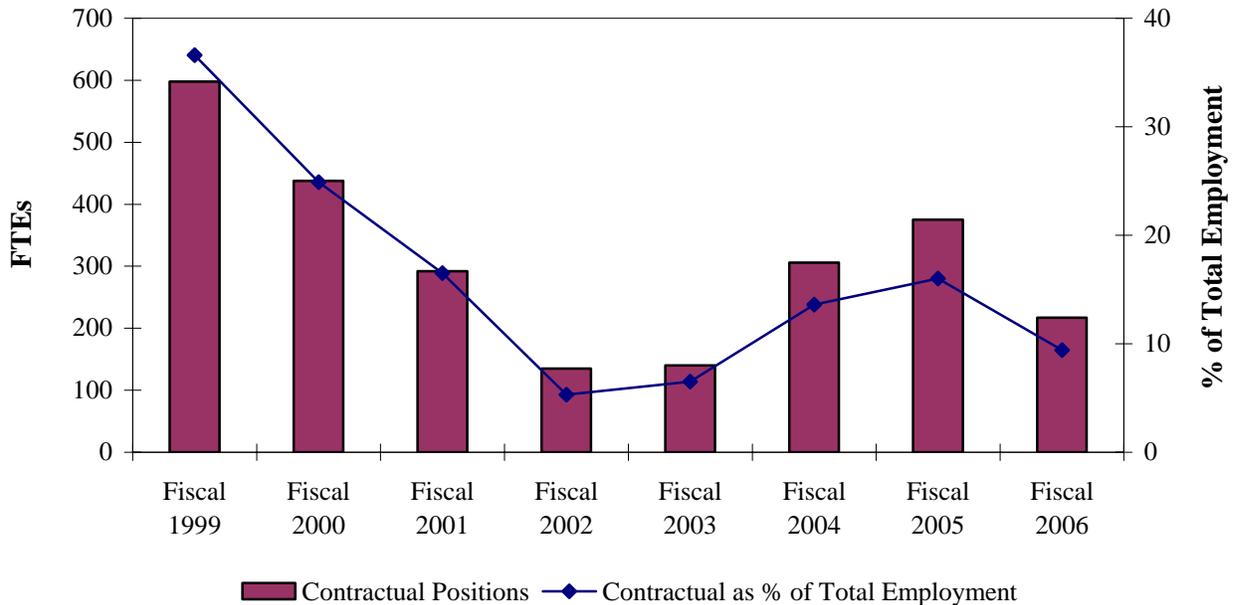
The allowance also includes five new positions in the Community Services program (although offset by five abolitions) to enhance step-down aftercare as required by Chapter 481, Acts of 2004. Step-down aftercare is more intensive than regular aftercare, involves lower caseloads for staff, and is aimed at high-needs youth. However, as noted in a report required by Chapter 481, DJS estimated it needs an additional 107 workers for this type of enhanced aftercare.

Contractual Staffing

As shown above in Exhibit 10, the addition of regular positions at Hickey is offset by a reduction in contractual employment. However, while contractual employment at Hickey falls by 183 FTEs (compared to the creation of 209 FTE regular positions), overall contractual employment falls by only 59.15 FTEs. As shown in the exhibit, contractual employment is added in various programs, but primarily at DJS facilities. It should be noted that the reduction of 59.15 FTE contractual employees as reported in the budget underestimates the actual number of current contractual employees in the department by approximately 100. Thus, the actual drop in contractual employees will be that much higher.

Overall, the proposed fiscal 2006 rate of contractual employment as a percent of total employment is 9.4%. As shown in **Exhibit 12**, while this is lower than the rate for fiscal 2004 and 2005, the use of contractals in those years was increased by the State’s takeover of Hickey. Prior to that time, the department had enjoyed two years with relatively little reliance on contractual employment after a concerted three year effort to reduce contractual employment. The proposed rate of contractual employment is the highest of any major State agency, especially in comparison to other law enforcement, public safety and child welfare agencies.

Exhibit 12
Department of Juvenile Services
Contractual Employment as a Percentage of Total Employment
Fiscal 1999 – 2006



Note: The fiscal 2005 working appropriation data under-reports the current level of contractual employment.

Source: Department of Juvenile Services; Department of Legislative Services

Reliance on contractual employment for regular programming is not a satisfactory solution to staffing needs. While DJS has been able to find contractual staff to operate Hickey, many of these employees were with the previous vendor and now have the promise of regular employment. Typically, contractual employees tend to turnover regularly thereby limiting the consistency of interaction with youth. The department has struggled to retain and recruit regular staff. Thus, it is difficult to know how much it can rely on contractual employment.

Adequacy of Staffing Levels

According to DJS, the department needs approximately 2,300 FTE employees in order to adequately meet staffing standards for its various programs and an additional 107 FTE employees to improve staffing ratios to properly implement step-down aftercare. As of December 31, 2004, DJS had filled only 1,711 regular positions and 375 contractual positions (two-thirds of whom are at Hickey). The fiscal 2006 allowance authorizes 2,307 FTE combined regular and contractual positions, only 100 FTEs below stated need. However:

- budgeted turnover for regular employees, at 7% (\$7.9 million), while lower than in prior years, requires just over 146 regular FTEs to be kept vacant;
- budgeted turnover for contractual employees, at 7.8% (\$543,000) requires 17 contractual FTEs to be kept vacant;

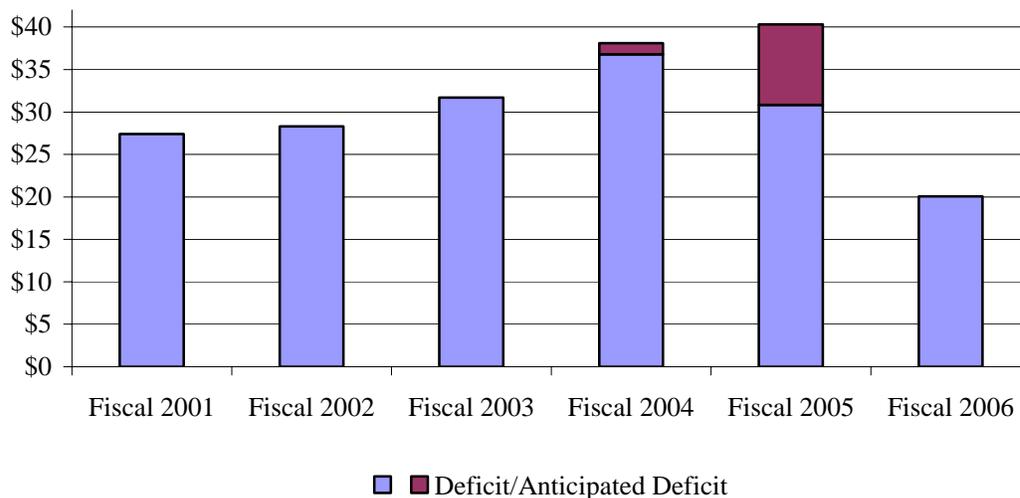
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- while regular employment levels are at their highest since July 2003 (the previous peak), turnover, especially amongst newer employees, has been high. In fiscal 2003, 30% of all new direct care hires left within one year of their hiring by DJS. In fiscal 2004, 41% of new direct care staff left within six months of hire. It is hoped that the fiscal 2005 ASR increase provided for direct care staff will improve retention; and
- The personnel data available to DLS is inadequate to properly determine how the available staff meets the various staffing ratios set by the department for different functions.

Per Diem Residential Placement Diversion Initiative

One of the recommendations of the Gap Analysis Report combined a move towards more regional control of resources with the need to change the current pattern of residential per diem spending. As noted in **Exhibit 13**, per diem expenditures have grown significantly in recent years and are projected to exceed \$40 million in fiscal 2005. The specific recommendation of the report was to re-allocate the pool of funds used for per-diem placements to community-based services serving more youth at less cost and also to give control over these funds to area directors. Community-based services could include specialized group counseling, in-home family support services, crisis intervention, intensive in-home treatment and therapy, substance abuse services and so forth. Any unspent funds could be used for the planning and creation of more community-based programming to appropriately divert youth from residential per diem placements.

Exhibit 13
Department of Juvenile Services Per Diem Residential Expenditures
Fiscal 2001 – Fiscal 2006
(\$ in Millions)



Source: Department of Juvenile Services; Department of Legislative Services

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The plan embedded in the fiscal 2006 allowance goes down the path of residential diversion and local control but falls short in several crucial ways:

- The department provides almost \$5.2 million in new non-residential program funding distributed amongst the five regions around which DJS programs are currently planned. However, as shown in **Exhibit 14**, at the same time, funding for other non-residential programming is reduced by just over \$1.7 million, effectively limiting the overall investment in non-residential programming to \$3.5 million.

Exhibit 14
Department of Juvenile Services
Fiscal 2006 Residential Per Diem Diversion Initiative



Source: Department of Juvenile Services; Department of Legislative Services

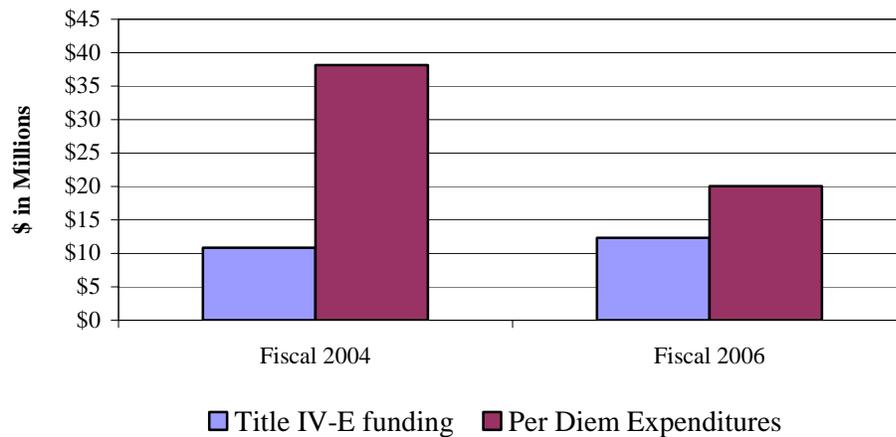
- The budget assumes that the \$3.5 million investment in non-residential programming will generate \$10.8 million in savings from residential per diem placements. This level of savings is both significantly higher than that shown in other successful diversion programs nationwide, assumes that all of the necessary non-residential programming is currently available, and also assumes that the courts will utilize these non-residential programs as opposed to residential programs.
- The estimated savings in the budget are also based off a fiscal 2005 working appropriation for residential per diem expenditures (\$30.9 million) that is itself just over \$7 million below fiscal 2004 actual expenditures and almost \$9.5 million below the most recent estimate of fiscal 2005 residential per diem expenditures. Indeed, spending on residential per diem placements in the first half of fiscal 2005 exceeds the amount provided in the budget for the whole of fiscal 2006.

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- As shown in Exhibit 14, the level of savings from current expenditure levels required to stay within the confines of the fiscal 2006 allowance is almost twice that assumed in the budget (\$20.2 million).

At the same time that the fiscal 2006 budget assumes a drop in per diem residential expenditures, it assumes an increase in federal Title IV-E attainment (see **Exhibit 15**). For eligible children, Title IV-E covers room and board payments to licensed foster parents, group homes and residential child care facilities plus associated administrative and training costs. In fiscal 2004 DJS was able to claim just over \$10.8 million in Title IV-E. The fiscal 2006 allowance assumes an increase in IV-E attainment of just under \$1.5 million but on a residential budget that is falling by almost 50%.

Exhibit 15
Title IV-E Attainment
Fiscal 2004 and 2006
(\$ in Millions)



Source: Department of Juvenile Services; Department of Legislative Services

At the same time, DJS notes that is looking at different federal fund revenue sources, including claiming Medicaid under the Rehabilitative Services option. Indeed, it has received permission from the federal government to claim Medicaid reimbursement for these services (therapeutic services provided in foster care and group home settings) effective July 1, 2004. Ironically, while this should increase overall federal fund attainment, the department notes it will likely reduce Title IV-E attainment. No provision is made in the department's fiscal 2006 budget for any Medicaid attainment.

Information Technology and Electronic Equipment

The allowance includes significant additional funding for a variety of information technology and electronic equipment enhancements including:

- Just under \$1.8 million to add video surveillance at Hickey (\$1.53 million) and Waxter (\$257,000). It should be noted that the department's recent history with the installation of video surveillance is mixed. For the BCJJC, for example, in June 2001 the department included as part

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of a larger request from the Construction Contingency Fund \$225,000 for a video surveillance system. In June 2002, the department made a subsequent request from the Construction Contingency Fund for additional funds for video surveillance as the total cost had risen to \$545,000. However, the department now reports that this video surveillance system has blind spots and has requested (through a pending budget amendment) an additional \$303,000 for more surveillance equipment.

- \$1 million for 2-way radio equipment. The department requested and received \$59,000 for radio equipment for detention facilities in a fiscal 2004 deficiency appropriation. It is currently requesting \$77,000 (through a pending budget amendment) to add radio equipment at BCJJC. The fiscal 2006 funding is for additional radio equipment at both DJS-operated detention and committed facilities. Proposed detention standards requested as part of the Gap Analysis Report include 2-way radio contact. The current detention standards do not.
- \$210,000 for a disaster recovery solution. The department requested and received \$508,494 for disaster recovery services in a fiscal 2004 deficiency appropriation. The fiscal 2006 funding represents additional support. It should also be noted that the fiscal 2006 allowance for the Department of Budget and Management's (DBM's) Office of Information Technology, there is a \$500,000 million request for planning funds to develop a single statewide disaster recovery system.

Drug Courts

One of the signature initiatives in DJS in the past two budgets has been expansion of drug court programming. According to DJS, there are currently 33 employees in the drug court program. The fiscal 2006 allowance continues support for 29 of the department's drug court employees but reduces support for contractual services (substance abuse treatment services typically provided through the counties) and funds for urinalysis. It is unclear how the reduction in treatment and urinalysis funding will impact the program in the various jurisdictions with drug courts.

Budget Summary

Although the DJS fiscal 2006 allowance is only \$3.3 million above the fiscal 2005 working appropriation (including a general fund increase of \$1.6 million, 0.9%), the allowance still provides funding for a variety of significant enhancement and initiatives including:

- contractual conversions at Hickey (\$2.9 million);
- reducing budgeted turnover to 7% from 9% (\$2.3 million);
- increases in other personnel costs (\$4.8 million);
- a limited number of new positions for step-down aftercare (\$107,000);
- additional contractual employment after accounting for the contractual conversions at Hickey (\$1.2 million);
- additional support for non-residential programming to divert youth from per diem residential placements (\$5.2 million);
- partially addressing the deferred maintenance backlog at DJS facilities (\$1.3 million);

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- video surveillance equipment at Hickey and Waxter (\$1.8 million);
- 2-way radio equipment at all DJS facilities (\$1 million); and
- Information Technology Enhancements (\$1.1 million).

To provide for all these budget increases, the allowance includes some key reductions. As noted above, some of those reductions could have significant programmatic impact for the department. In addition, as shown in **Exhibit 16**, these reductions will also exacerbate existing deficits. Further, the magnitude of those deficits appears difficult to readily resolve.

Exhibit 16
Department of Juvenile Services
Fiscal 2006 Allowance Gap Analysis

Item

DLS Estimated Deficiency

State operation of Hickey School	Potential deficiency if additional staff are required for the higher population DJS now states it will serve
Fiscal 2004 unprovided for general fund payables	\$1.6 million
Per diem residential expenditures	Fiscal 2005: \$9.4 million Fiscal 2006: \$15 – 20 million

DLS Estimated Deficiencies **\$26 – 31 million**

DLS Gap-filling Options

Target fiscal 2005 savings at Hickey to deficits through the BRFA	\$2.5 million
Reduce reliance on contractual employment	\$3.9 million
Reduce funds for video surveillance	\$1.8 million
Reduce funds for radios	\$1.0 million
Delete 10 positions	\$0.6 million
Other savings	\$0.4 million
DLS Total Gap-filling Options	\$10.2 million

Source: Department of Legislative Services

Issues

1. Gap Analysis Report

It was during the 1999 session that legislative concern was expressed that DJS did not have a current facilities master plan. DJS subsequently developed a plan, but it was never approved by DBM. Among the many problems with the plan were inadequate population projections, the lack of integration into capacity discussions of detention alternatives such as community detention/electronic monitoring programming, and the lack of detailed discussion on the level of need for specific type of services that need to be offered in a residential setting (for example, drug treatment and residential treatment).

In the 2004 session, the General Assembly approved \$500,000 in the Subcabinet Fund to be used for the development a new DJS facilities master plan. Language in both Chapters 431 and 432, Acts of 2004, laid out time-lines and guiding principles for the development of such a plan. The plan was to be developed in two phases:

- Phase one involved the development of an ideal service delivery system based on regional community-based settings and best practices and set against a backdrop of the anticipated populations to be served by the department. The identification of gaps in current services was to be included in this phase. A gap analysis was to be completed by the end of December 2004.
- A final facilities master plan to be completed by January 2006 that would address identified service gaps and reflect certain principles including regional delivery of services, small facilities (no more than 48 beds), distinct detention and committed facilities, and the removal of youth pending placement from secure detention.

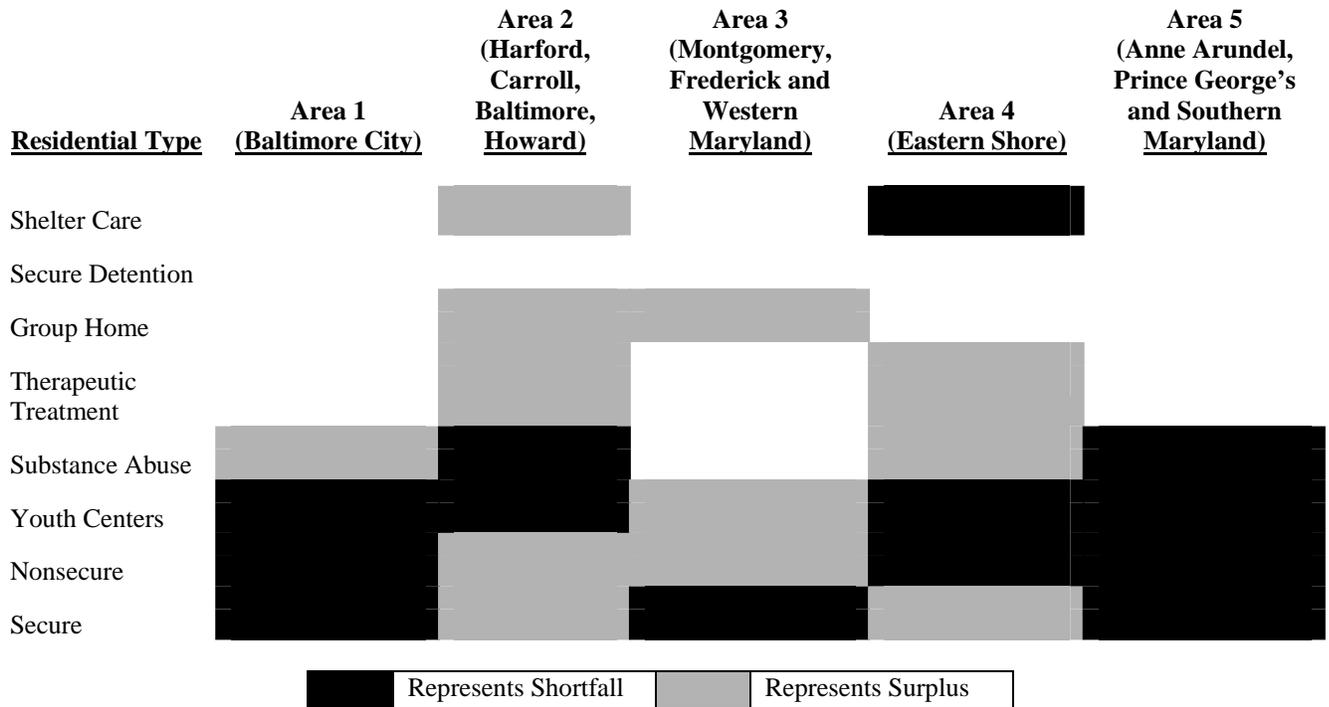
The gap analysis was presented to the General Assembly at the end of 2004. It offers a comprehensive review of juvenile justice programming in Maryland and made numerous recommendations.

Gaps in Regional Residential Capacity

The key presumption behind the gap analysis is the notion of regional delivery of services. In this way, youth that do require residential placement remain as attached as possible to their family and community. As shown in **Exhibit 17**, based on a review of populations and various residential placement categories, a number of service gaps were identified. This analysis was based on:

- The current regional structure adopted by DJS.
- The determination of a shortfall in services was based on the residential ADP of youth from a particular area by residential placement type being 50% over the available capacity in that specific area for that placement type in that area; conversely, a surplus was if the residential ADP of youth from a particular area by residential placement type was 50% below the available capacity in that area. Thus, for example, if in Area 1 there were 10 youth in shelter care and capacity was 30, Area 1 would reflect a surplus of shelter care capacity. Conversely, if there were 10 youth in shelter care and capacity was 4, Area 1 would reflect a shortfall in shelter care capacity.

Exhibit 17
Summary of Major Gaps in Residential Capacity by Area



Source: Gap Analysis Report, DSG, Inc.

As shown in the exhibit and summarized in the report:

- Although there are certainly gaps in the system, those gaps reflect the centralized nature of the system rather than gaps in service. For example, secure committed facilities are concentrated in Areas 2 and 4; youth center programming is found only in Area 3.
- Although the system is reasonably well-balanced overall, it would still require the creation of 363 additional slots in a variety of residential services in order to achieve an even delivery of services.
- Unspoken in the report is the number of slots (several hundred) that would have to be eliminated in various parts of the State to reduce surplus capacity.
- Additionally, the report notes that two centralized facilities should be developed for two different specialized populations:
 - deep-end youth with significant psychiatric issues that are difficult to place in current residential placements; and
 - a facility for developmentally delayed youth.

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In both instances, the development of these facilities would remove difficult cases from the per diem residential pool and make “no eject or reject” contracts more acceptable to vendors.

Ultimately, the report sets the stage for a number of key decisions that need to be taken in order to shape the final facilities master plan. These include:

- How should the State be configured to deliver regional services? While the current regional structure generates the gap analysis illustrated in Exhibit 17, as the report notes, altering those area boundaries can change the gap analysis findings. This consideration should reflect size, the number of youth at intake, the physical condition of facilities across the State, the proximity of counties within an area, demographics, and access to transportation.
- If the State moves towards regional delivery of services, how decentralized should budget, personnel, and other decision-making authority be? The recent history of DJS has been a command-and-control model emphasizing decision-making and resource allocation at the Headquarters Office in Baltimore.

The notion of regionalization also involves developing relationships with local jurisdictions. While these relationships obviously exist at one level, the most recent experience of more extensive local control was not encouraging. In this instance, Montgomery County was to be provided with what was supposed to be its share of the dollars spent on DJS residential placements for Montgomery County youth and encouraged to create residential alternatives, pay only for what was spent by DJS on county youth, and re-invest any savings into additional residential alternatives. However, it became clear that the funding provided never reached actual levels of spending on residential placements, and essentially the county was simply returning the funds to DJS. The program was ended in fiscal 2004.

As noted above, giving area directors control over non-residential placement funds is a key part of the residential per diem diversion initiative in the fiscal 2006 budget. However, again the resources provided to achieve the level of diversion assumed in the budget appear inadequate.

- Should all services be available in each region or are there exceptions to this rule? For example, does it make sense to develop beds in every region for specialized populations such as sex offenders or maximum security committed placements? How much regional capacity should be provided on a gender basis? The report itself notes the need for the development of two centralized facilities for populations that have proven to be hard-to-place.
- Should the State further review intake and other assessment tools? Maryland has made a point in recent years of emphasizing the array of intake and assessment tools being utilized in the juvenile justice system. However, there has been some recent criticism that the intake tool is not appropriately confining youth and instead returning youth to the community where they subsequently re-offend. The department indicates it is currently reviewing these instruments. This review and evaluation could lead to changed referral patterns.

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- What size should facilities be? The language of Chapter 431, Acts of 2004 specifically noted that all detention and committed residential facilities should be no larger than 48 beds. Chapter 432 had slightly different language, narrowing the imposition of the 48 bed limit to State-owned and operated and State-owned and privately-operated facilities. Either way, this language poses issues.

The more limited application of the size restriction certainly impacts a facility like the BCJJC. Designed for 144 beds but according to the gap analysis report, designed poorly so that it should be limited to 108 beds, either way it is still larger than 48 beds.

The more expansive application of the size limitation hits much harder and in particular impacts a broad swath of privately-operated facilities currently providing care to DJS youth. The “grandfathering” of these facilities to shield them from size limit would limit the impetus to create what would essentially be duplicative capacity elsewhere. However, the “change in the rules” represented by the 48-bed limit could clearly negatively impact that ability of some providers to continue to provide services. Indeed, they might well close down facilities before capacity had been built elsewhere creating a statewide shortage of capacity where none had existed before.

- Should pre-adjudicated and adjudicated youth be held in the same facility? The language is very clear in either bill that the legislature would like to see this practice end. As currently configured it would impact every detention facility operated by the department.
- Another key player in this debate is the judiciary. While decisions about regionalization, facility size and facility programming are very much the domain of the executive and legislative branches, the judiciary is a key player in determining residential system capacity based on the dispositional decisions made. In recent years DJS has had periodic changes in its populations based on contacts with juvenile judges, but these changes have often been episodic not permanent. Clearly if judges are not comfortable with risk assessment tools then recommendations as to appropriate youth placements made by DJS will carry less weight than they might otherwise. As noted below, the gap analysis report notes the need to evaluate and validate risk assessment instruments.

It should be noted that while the consultant team preparing the report solicited the input of the judiciary, the participation was not as widespread as it might have been. It is to be hoped that the judiciary can be brought into this process more fully for phase two.

- While not part of Chapters 431 or 432, there has also been some discussion about the use of public versus private residential facilities. The Gap Analysis Report notes that Maryland is more reliant on private residential programs than is typical

These yet to be answered questions could be very challenging for the department and could have profound consequences for the future direction of the department’s operating and capital budget.

Other Recommendations

The Gap Analysis Report also made a series of substantive recommendations to improve current juvenile justice programming. Key recommendations are outlined in **Exhibit 18**.

Exhibit 18 Selected Recommendations from the Gap Analysis Report.

Recommendation	Comment
Develop a system of graduated sanctions for technical violations of probation rules/court orders and allow probation officers to use responses without court approval or order.	
Develop an Offender Classification Instrument to determine appropriate security level of residential placements.	
Create a graduated length of stay system that responds to offense length, treatment needs, and progress/conduct.	Currently many programs have commitments for a specific length of time and any progress made by an offender may not be reflected in the time spent in the program.
Detention stays should be reduced by expediting case processing for detained youth.	
Develop a pending placement curriculum and apply progress made during pending placement towards reduced treatment needs or enhanced offender status/privilege level at their permanent placement.	Currently there is little incentive for youth in pending placement to make progress while in detention. On arrival at their permanent placement they are not given any credit for any progress made during their pending placement.
Implement graduated responses in the community to provide a full array of immediate, intermediate, residential and aftercare programming in order to avoid inappropriate more deep-end placements.	The idea of graduated sanctions and responses has been an integral part of DJS philosophy for some years. However, the report notes that gaps in the available response options remain.
Re-allocate funding from per diem residential placements to community-based services.	The fiscal 2006 allowance provides for this re-allocation, but as noted above does not provide for the full re-allocation of current expenditures on per diem residential placements nor is the re-allocation in the manner recommended by the report.
Implement a detention standards and auditing process.	The report offers another set of detention operating standards for detention facilities. DLS would note that the State has no shortage of standards, having developed multiple detention standards in recent years.
The intake risk and needs screening tool needs to be shortened. The full form should be used only for those youth determined to be in need of formal supervision.	The current intake form is lengthy to administer and results in few referrals to services.

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The detention risk assessment instrument should be evaluated and validated.	A single instrument is being used that does not reflect regional issues.
A new facility classification instrument should be developed.	DJS does not have the computerized ability to know what services are offered by vendors for youth, current waiting lists, and custody level. It is hard to understand how appropriate recommendations regarding the placement of youth can occur without this data.
Performance-based vendor contracting should be implemented and “no reject or eject” clauses more strictly enforced. (i.e. the vendor should not reject youth who meet program eligibility criteria if they have a vacancy or eject them once in the program).	While DJS has always responded that contracts are performance-based, there is little evidence that any performance data is collected or that decisions are made based on outcomes. As noted above, “no reject or eject” policies would be easier to assert if the most hard-to-place youth were not part of the per diem pool.
Upgrade processes for hiring and training personnel through assumption of background and record check responsibilities and development of a DJS training academy and curriculum.	

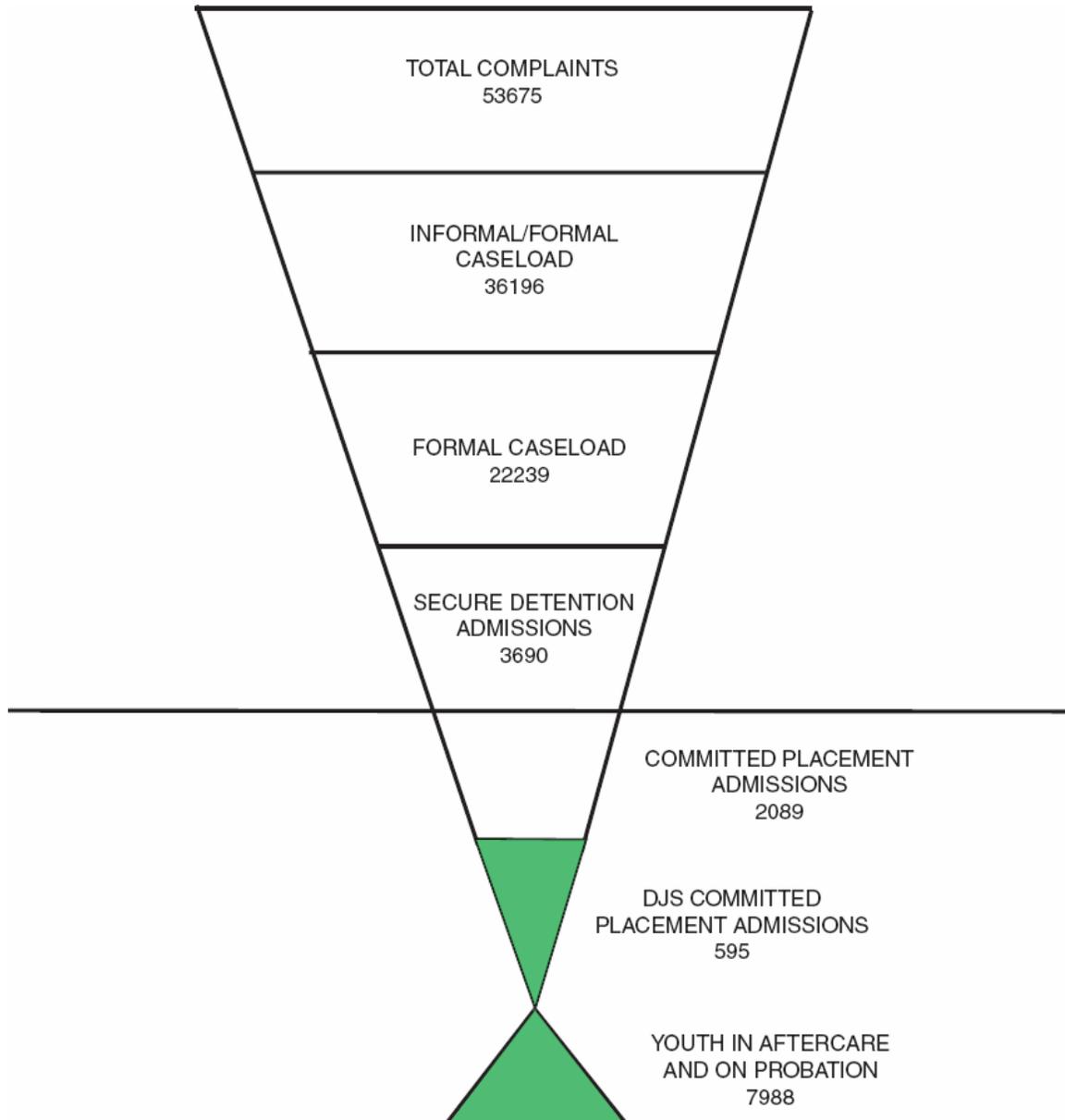
Source: Gap Analysis Report; DSG, Inc.; Department of Legislative Services

DLS recommends withholding funds pending the submission of two separate reports: first, establishing time-lines to implement the programmatic recommendations of the gap analysis report; and second, a progress report on implementation.

2. Maryland and Missouri

In recent years, much has been written about the success of the Missouri model of small State-run only committed residential facilities for juvenile delinquents operated by the Division of Youth Services. There have been calls to replicate that model in Maryland. In truth, while Missouri offers valuable lessons for Maryland, it is important to understand from the outset that the responsibilities of DJS and Missouri’s Division of Youth Services are very different. As shown in **Exhibit 19**, the responsibilities of DJS are much broader than the Division of Youth Services (the shared responsibilities are those parts that are shaded in the exhibit) and thus involve many more youth, require somewhat different skill-sets for their employees, and present different facility needs.

Exhibit 19
The Maryland and Missouri Models



Note: Data relate to Maryland caseloads in fiscal 2004.

Source: Department of Legislative Services

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That being said, there are important lessons that can be learned from Missouri:

- Would DJS achieve better results by being dismantled to focus on more discrete tasks? Or are there synergies achieved by handling youth from their entry into the juvenile justice system through to their exit? It may well be that the department could benefit from divesting themselves of some responsibilities (for example, allowing DHMH to assume greater responsibility for the treatment of hard-to-place youth with psychiatric issues and developmental delays). Similarly, Maryland State Department of Education (MSDE) has already taken on the role of education at Hickey, and existing statute provides for the gradual expansion of that responsibility.
- The quality of the workforce in Missouri appears central to success. Most employees are college graduates compared to high school graduates in Maryland. Similarly, workforce stability is seen as important.
- Missouri's staffing ratios are generally better than those found in Maryland.
- There is a great deal of program consistency from facility to facility in Missouri.
- Even in larger residential facilities (and there are facilities in Missouri that exceed 48 beds), the emphasis is on the small group within those facilities.
- The emphasis of the Missouri programs is on treatment rather than security. While this may reflect the nature of the youth served in Missouri versus Maryland, it certainly changes the debate on resource allocation. Essentially, there appears to be little reliance on "security specific" staff in Missouri so that a greater proportion of the staff is involved in treatment.
- Missouri appears to have perfected the art of attracting differing funding sources. This includes not only tapping into federal sources, but also health and education funding from outside of its budget. This diversity of funding streams is important. In Maryland, DJS is extremely dependant on State general fund dollars. At a time when there is extreme pressure on those resources it limits the ability of the department to maintain and grow its programs. In addition, by utilizing external resources, Missouri is not building duplicative systems of care which could be an issue in Maryland in the area of health services for example.
- A great deal of emphasis in Maryland has been on the facilities themselves (modern facilities meeting appropriate standards). As shown in the case of the BCJJC, new facilities do not necessarily equate with success. More importantly, a recent tour of facilities in Missouri revealed buildings that would not be considered adequate in Maryland, but the programming and the implementation of that programming by program staff seems to work despite the facilities.
- Missouri has had stable leadership for many years. This has tremendously helped programming stability, consistency, and also confidence among stakeholders. Contrast that to Maryland, where there appears to have been constant change in leadership and to some extent re-ordering of priorities.

3. Baltimore City Juvenile Justice Center

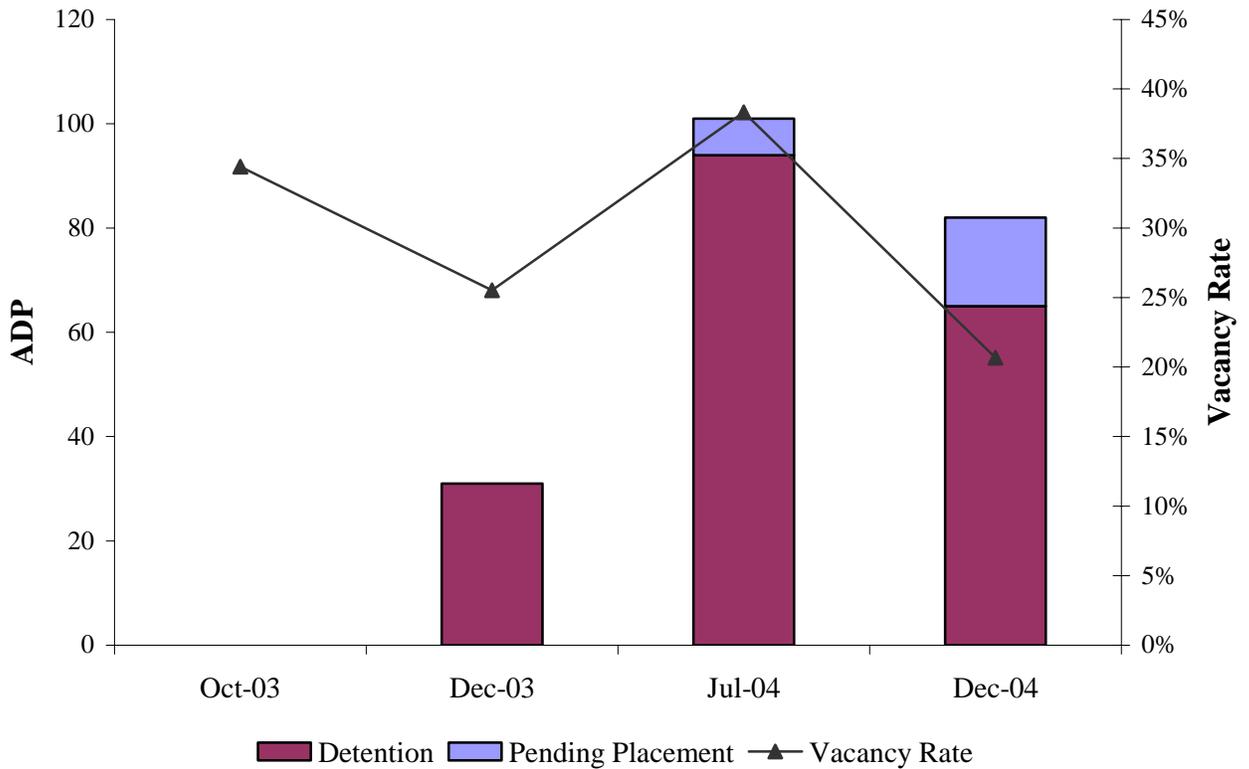
During calendar 2004, DJS began to significantly expand secure detention programming at BCJJC. Designed to serve a maximum 144 Baltimore City youth, as the ADP crept towards 100, complaints about the handling of youth at the facility forced the department to place Baltimore City youth at other facilities (for example Hickey), and maintain a population of around 80. In recent months the ADP has once again risen to around 100. As shown in **Exhibit 20**, the biggest problem for the department was that as they were ramping-up the number of youth being served at the facility, vacancy rates among staff were increasing.

In October 2004, the department made a commitment in a legislative hearing to staff the BCJJC in accordance with its operational capacity of 144 beds. In December the department indicated that there were 184 employees at BCJJC and an additional 42 vacancies. Of all filled positions, 98 were resident advisors; 14 of the 42 vacancies were resident advisor positions. With this staff, the department indicated it could staff the facility to accommodate 120 youth.

The department's response is seemingly at odds with the actual number of authorized positions at BCJJC: 122 FTEs in the fiscal 2005 working appropriation of which 79 FTE are resident advisors. Part of the answer may be that the department has shifted resources from other facilities to BCJJC. However, one would have to question the impact that has on other facilities that are already housing youth above desired levels primarily because the BCJJC cannot accommodate the level of youth planned for the facility.

The department's response may also include positions that are part of the Health Services unit and assigned to BCJJC. However, again the level of staffing claimed for these positions would imply that a disproportionate number of total health services staff are assigned to the facility, again raising issues about staffing levels elsewhere. This point is especially true given the reduction to level of employment in health services in the fiscal 2006 allowance.

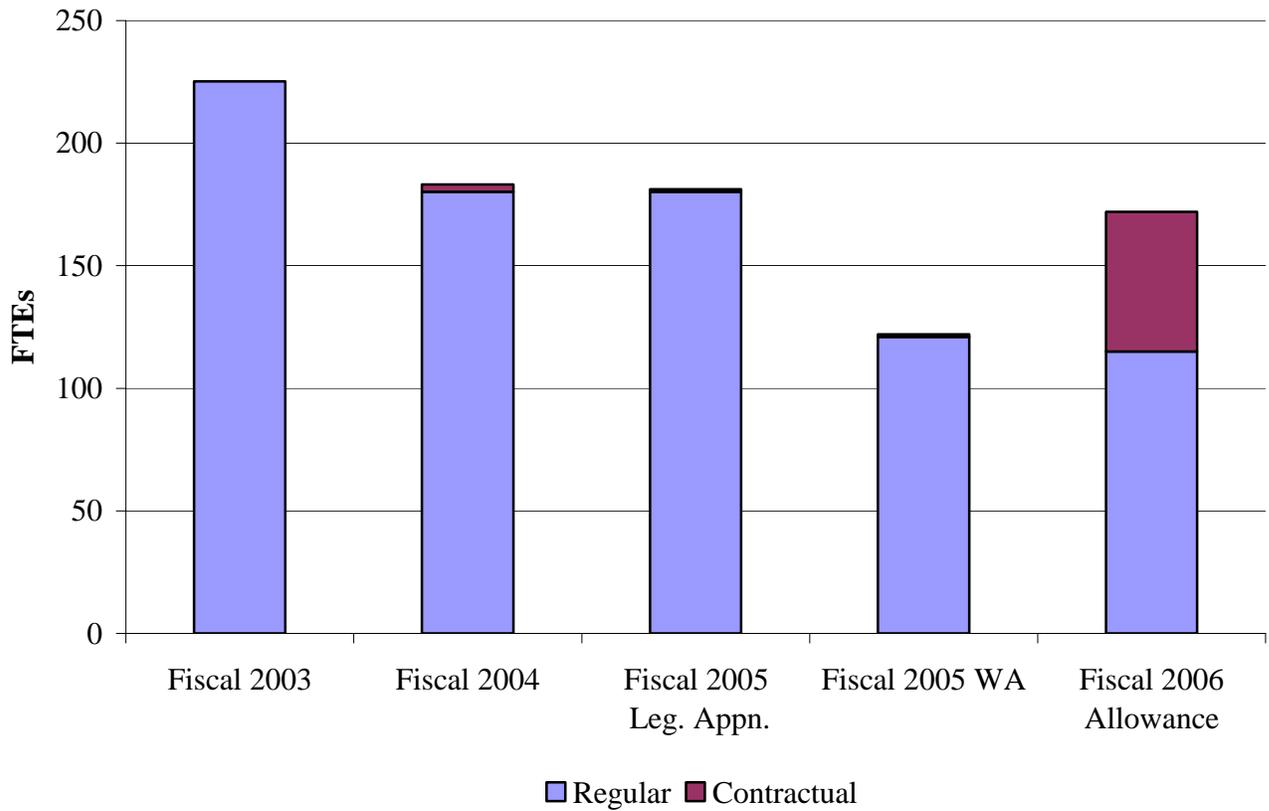
Exhibit 20
Baltimore City Juvenile Justice Center
ADP and Authorized Regular Position Vacancy Rate
October 2003 – December 2004



Source: Department of Legislative Services

Finally, the department also appears to be including contractual employees in its count. Personnel data available to DLS does not include this data so there is no way to verify the department’s information. However, the fiscal 2006 allowance does reflect an increasing reliance on contractual employees at BCJJC (see **Exhibit 21**). This may result in additional staffing resources, but the wisdom of employing this level of contractual employees in a challenging environment like BCJJC is questionable.

Exhibit 21
Baltimore City Juvenile Justice Center
Authorized Employment Levels
Fiscal 2003 – 2006



WA = Working Appropriation

Source: Department of Legislative Services

Recommended Actions

1. Add the following language:

Provided that general funds for contractual employment in the Department of Juvenile Services shall be reduced by \$3,900,000. The Department may determine the allocation of this reduction within the various programs of the department.

Explanation: The language returns funding support for contractual employment to that approved by the legislature in the fiscal 2005 budget.

2. Add the following language:

. provided that \$1,000,000 of this appropriation may not be expended until the Department of Juvenile Services has submitted a report to the Senate Judicial Proceedings and Budget and Taxation committees and the House Judiciary and Appropriations committees outlining time-lines to implement recommendations for programmatic improvements as contained in the December 2004 Gap Analysis Report, and a second report detailing progress towards implementation of those recommendations. The first report detailing implementation time-lines shall be submitted to the committees by July 1, 2005. The second report shall be submitted to the committees by December 15, 2005. The committees shall have 30 days to review and comment on each report.

Explanation: A December 2004 Gap Analysis Report prepared for the Department of Juvenile Services (DJS) made a series of substantive recommendations to improve juvenile justice programming including: developing a system of graduated sanctions for technical violations of probation rules and court orders; developing an offender classification instrument; creating a graduated length of stay system; expediting case processing for detained youth; developing a pending placement curriculum and rewarding youth for progress made during pending placement at their subsequent committed placement; developing graduated responses in the community to avoid deep-end placements; implementing a detention standards and auditing process; changing the current intake risk and needs screening tool; evaluating and validating the current detention risk assessment instrument; developing a new facility classification instrument; strengthening performance-based vendor contracting; and improving hiring and training procedures.

The language withholds funds until DJS submits a time-line for the implementation of these numerous recommendations and a subsequent progress report.

Information Request	Author	Due Date
Time-line for implementation of Gap Analysis Report recommendations	DJS	July 1, 2005

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Progress report on
implementation of Gap
Analysis Report
recommendations

DJS

December 15, 2005

		<u>Amount Reduction</u>		<u>Position Reduction</u>
3.	Delete seven vacant positions in the Office of the Secretary. These represent all of the vacant positions in that office as of December 31, 2004 that are not scheduled for abolition in the fiscal 2006 allowance.	\$ 408,701	GF	7.0
4.	Delete two positions in the Office of the Secretary by streamlining the communications and community affairs functions.	102,000	GF	2.0
5.	Reduce funds for video surveillance at the Hickey School and Waxter Children’s Center. Until the department knows exactly what its future configurations are for the facilities, this kind of capital investment should be deferred. Capital changes at both Hickey and Waxter that were in the Capital Improvement Plan have already been deferred by the department pending the completion of a facilities master plan. Such surveillance equipment can be requested through the capital budget if those changes are approved in the future. Further, when the facilities master plan is completed, the department should look to federal funds for these expenditures as it is proposing for the Baltimore City Juvenile Justice Center.	1,790,000	GF	
6.	Reduce funds for radios. The Department of Juvenile Services requested, and was provided with, \$59,000 for radios as a fiscal 2004 supplemental deficiency appropriation. Having reviewed its needs only a year ago and decided that it needed \$59,000 for radios, based on new proposed detention standards it now claims it needs another \$1 million for radios in fiscal 2006. It should be noted that, the department has a pending federal fund budget amendment request for \$77,000 for radios at the Baltimore City Juvenile Justice Center. The department should pursue federal funds for any	1,000,000	GF	

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additional radios it believes it needs.

7.	Reduce funds for disaster recovery solution. The department has already received \$508,894 in a fiscal 2004 supplemental deficiency appropriation for a disaster recovery system. Additionally, the fiscal 2006 allowance in the Department of Budget and Management Office of Information Technology includes \$500,000 to plan for a single statewide disaster recovery system.	210,000	GF	
8.	Reduce funds for applications software. The fiscal 2006 allowance includes just under \$1.1 million for application software. The department has a priority list totaling \$1.5 million. Based on a review of prices that can be obtained under the Department of Budget and Management’s procurement schedule for just three of the licenses requested (Office XP, Windows, and Norton Antivirus), prices were overstated by \$150,000. The department will have to further prioritize purchases.	150,000	GF	
9.	Delete Assistant Secretary for Business Services (PIN Number 076466) through streamlining upper level management in Headquarters operations. The Departmental Support function includes a Deputy Secretary, two Assistant Secretaries, as well as senior financial management staff. This level of upper management is disproportional to the size of the department’s operations.	106,533	GF	1.0
10.	Reduce funds for uniforms at the Hickey School. The department provides uniforms for both detained and committed youth as well as staff. While for detained youth that policy is wise, for committed youth allowing youth to have their own clothes could underscore the treatment rather than security aspects of the committed placement. As an experiment, the department should adopt a no uniform policy at Hickey for committed youth as well as staff.	80,000	GF	
Total General Fund Reductions		\$ 3,847,234		10.0

Updates

1. The Lower Shore Drill Academy

The Lower Shore Drill Academy was conceived as a public/private partnership offering programming to committed juveniles from Wicomico, Dorchester, Worcester, and Somerset counties. The concept was first developed in 1997 and was modeled on a similar program operated in Collier County, Florida. The physical plant was developed primarily through private philanthropy and State funds totaling \$1.475 million in the form of PAYGO general funds and bond funds. Staff was to be provided by the Wicomico County Sheriff's Office supported by funding from DJS's per diem budget. Programming began in December 2003. However, based on concerns about incidents at the facility, DJS withdrew youth from the program in November 2004, effectively closing it. A Department of State Police investigation of those incidents is ongoing.

DJS has already had one consultant's review of the programming at the Lower Shore Drill Academy (conducted by the North American Family Institute, Inc.). That review, conducted immediately prior to the withdrawal of DJS youth from the facility made a number of observations and concluded that programming at the academy could serve DJS youth well if certain changes were made. Key changes recommended included:

- changing the emphasis on law enforcement procedures and intervention techniques that created an adversarial style among the staff;
- requiring staff to have training from professionals with experience in the child care field and with prior juvenile boot camp experience; and
- DJS and the Sheriff's Office developing a closer joint understanding of the objectives of the academy and the most appropriate strategies to serve youth sent to the camp.

According to DJS, it is currently having an additional consultant's report prepared on the future programming that might take place at the academy.

2. U.S. Department of Justice Investigation

On August 30, 2002, the U.S. Department of Justice Civil Rights Division informed then Governor Parris Glendening that the U.S. Department of Justice was investigating the conditions at Cheltenham and Hickey. The focus of the investigation was the physical safety of residents; medical and mental health care and education; and if the care provided at those facilities involved systemic violations of the Constitution or federal law.

Department of Justice investigators conducted inspections of the Hickey and Cheltenham facilities between April and June 2003 and issued a findings letter in April 2004. DJS has been in discussions with the Justice Department concerning and resolving the findings since that time. DJS has been working to reduce populations, implement new policies and make other improvements at both institutions to address many of the Justice Department's findings. As yet, there has been no further official legal action.

3. Evening Reporting Centers

The fiscal 2005 allowance included funding for new evening reporting centers in Prince George's County and Baltimore City. The legislature approved funding for the two centers except for the rent costs associated with the Baltimore City program. The allowance included \$500,000 for rent for this program, a program planned to be located immediately opposite the new \$63 million BCJJC. The legislature recommended that DJS search for space in the BCJJC.

According to the department, the Prince George's evening reporting center opened January 2005, at the Annapolis Road Middle School, a Prince George's County alternative school. The delay in opening the center was attributed to the time taken to develop a memorandum of understanding between the county and the department.

DJS could not find space for the Baltimore City evening reporting center at the BCJJC. After many months of searching for acceptable space, DJS opened the Baltimore City center in December 2004 at the William Donald Schaefer House, a State-owned and operated group home for youth with substance abuse problems. The fiscal 2006 allowance includes \$120,000 to cover rent expenses for a new location for the center as the Schaeffer House is considered only a temporary solution.

Current and Prior Year Budgets

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

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2004					
Legislative Appropriation	\$165,117	\$248	\$14,769	\$1,376	\$181,510
Deficiency Appropriation	8,385	0	0	0	8,385
Budget Amendments	1,088	170	1,500	2,948	5,707
Cost Containment	-4,246	0	0	0	-4,246
Reversions and Cancellations	-5	-216	-634	-2,254	-3,109
Actual Expenditures	\$170,340	\$202	\$15,635	\$2,070	\$188,247
Fiscal 2005					
Legislative Appropriation	\$172,004	\$248	\$15,358	\$140	187,750
Budget Amendments	4,735	0	0	0	4,735
Working Appropriation	\$176,739	\$248	\$15,358	\$140	\$192,485

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

Fiscal 2004

The fiscal 2004 legislative appropriation for DJS was increased by just over \$6.7 million. This increase was derived as follows:

- General funds increased by a little over \$5.2 million. This increase consisted of almost \$8.4 million in deficiency appropriations including \$5.4 million to cover higher-than-budgeted per diem expenditures, \$1.6 million for salary and fringe benefit costs, and \$1.4 million in increased costs associated with the operation of the Hickey School by the State as opposed to a private contractor. Added to this were budget amendments of almost \$1.1 million including \$1 million transferred from MSDE for educational programming at the Hickey School and \$88,000 for telecommunications expenses.

Some of this increase was then offset by cost containment approved by the Board of Public Works (BPW) totaling over \$4.2 million. The reductions are summarized in **Exhibit 22**.

Exhibit 22
DJS Cost Containment Items Approved by BPW
July 2003
(\$ in Millions)

<u>Action</u>	<u>State Funds</u>
Reduce contracts for terminated or poorly performing programs	\$1.1
Eliminate funding that remained in the budget to replace programming formerly provided at Victor Cullen.	1.9
Various expenditure reductions some of which are offset by the use of fiscal 2003 encumbrances.	0.9
Reductions in rent and lease payments.	0.3
Total	\$4.2

Source: Board of Public Works; Department of Legislative Services

- A decline in the special fund appropriation of \$46,000, budget amendment increases of \$170,000 more than offset by reversions of \$216,000.
- An increase in the federal fund appropriation of \$866,000. This comprised of a budget amendment increase of \$1.5 million through higher-than-anticipated federal IV-E attainment offset by \$634,000 in cancellations.

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- Reimbursable funds increased by just under \$700,000. This comprised of an increase through budget amendments of almost \$3 million (almost all related to deficiency appropriations approved in the 2004 session and budgeted in the Subcabinet Fund for a variety of programming) offset by cancellations of just under \$2.3 million.

Fiscal 2005

To date, the fiscal 2005 legislative appropriation has been increased by just over \$4.7 million, all general funds. This increase represents the department's share of the fiscal 2005 COLA originally budgeted in DBM (\$1.535 million) plus an Annual Salary Review increase for most direct care workers (\$3.2 million).

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

<u>Object/Fund</u>	<u>FY04 Actual</u>	<u>FY05 Working Appropriation</u>	<u>FY06 Allowance</u>	<u>FY05 - FY06 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	1,938.85	1,962.85	2,090.85	128.00	6.5%
02 Contractual	306.00	276.00	216.85	-59.15	-21.4%
Total Positions	2,244.85	2,238.85	2,307.70	68.85	3.1%
Objects					
01 Salaries and Wages	\$89,756,895	\$98,510,446	\$110,592,135	\$12,081,689	12.3%
02 Technical & Spec Fees	6,822,121	10,754,234	6,423,192	-4,331,042	-40.3%
03 Communication	3,058,410	3,256,483	2,869,818	-386,665	-11.9%
04 Travel	596,097	549,230	483,750	-65,480	-11.9%
06 Fuel & Utilities	2,088,332	2,983,677	3,049,117	65,440	2.2%
07 Motor Vehicles	663,440	635,890	898,954	263,064	41.4%
08 Contractual Services	75,551,832	65,034,945	57,945,630	-7,089,315	-10.9%
09 Supplies & Materials	4,549,952	5,293,875	4,781,820	-512,055	-9.7%
10 Equip - Replacement	112,225	0	25,000	25,000	N/A
11 Equip - Additional	945,329	449,220	3,302,767	2,853,547	635.2%
12 Grants, Subsidies, and Contributions	374,514	198,000	662,296	464,296	234.5%
13 Fixed Charges	3,728,295	4,818,950	5,158,273	339,323	7.0%
Total Objects	\$188,247,442	\$192,484,950	\$196,192,752	\$3,707,802	1.9%
Funds					
01 General Fund	\$170,340,489	\$176,738,869	\$178,736,955	\$1,998,086	1.1%
03 Special Fund	202,267	248,000	253,000	5,000	2.0%
05 Federal Fund	15,634,944	15,358,081	16,896,837	1,538,756	10.0%
09 Reimbursable Fund	2,069,742	140,000	305,960	165,960	118.5%
Total Funds	\$188,247,442	\$192,484,950	\$196,192,752	\$3,707,802	1.9%

Note: The fiscal 2005 appropriation does not include deficiencies, and the fiscal 2006 allowance does not reflect contingent reductions.

**Fiscal Summary
Department of Juvenile Services**

<u>Program/Unit</u>	<u>FY04 Actual</u>	<u>FY05 Wrk Approp</u>	<u>FY06 Allowance</u>	<u>Change</u>	<u>FY05 - FY06 % Change</u>
01 Office of the Secretary	\$4,576,625	\$4,040,993	\$4,106,688	\$65,695	1.6%
02 Departmental Support	15,428,073	14,024,316	20,499,088	6,474,772	46.2%
03 Ofce of Prof Responsibility & Accountability	844,026	1,112,874	999,248	-113,626	-10.2%
01 Residential Services	56,663,924	65,424,779	67,810,702	2,385,923	3.6%
02 Admissions	15,536,486	18,987,063	19,778,773	791,710	4.2%
03 Community Justice Supervision	95,198,308	88,894,925	82,998,253	-5,896,672	-6.6%
Total Expenditures	\$188,247,442	\$192,484,950	\$196,192,752	\$3,707,802	1.9%
General Fund	\$170,340,489	\$176,738,869	\$178,736,955	\$1,998,086	1.1%
Special Fund	202,267	248,000	253,000	5,000	2.0%
Federal Fund	15,634,944	15,358,081	16,896,837	1,538,756	10.0%
Total Appropriations	\$186,177,700	\$192,344,950	\$195,886,792	\$3,541,842	1.8%
Reimbursable Fund	\$2,069,742	\$140,000	\$305,960	\$165,960	118.5%
Total Funds	\$188,247,442	\$192,484,950	\$196,192,752	\$3,707,802	1.9%

Note: The fiscal 2005 appropriation does not include deficiencies, and the fiscal 2006 allowance does not reflect contingent reductions.

**Fiscal 2006 Cost Containment Actions
As Submitted by the Agency
Estimated Fiscal 2006 Savings
Compared to Fiscal 2005**

<u>Cost Saving Action/Efficiency Measure</u>	<u>Program Code</u>	<u>Sub-Program Code</u>	<u>Total Funds</u>	<u>General Funds</u>	<u>Impact of Action</u>
Reduce residential per diems by shifting to community placements and managing lengths of stay	V00E0301	9494	-10,803,000	-10,803,000	166 reduction in per diem average daily population: 160 from redirection to community services and 6 from length-of-stay review.
Increased community placement per diems	V00E0301	9495	5,166,000	5,166,000	\$2.016 million for 70 expanded family-Centered Services Slots, \$3.15 million for flexible funding for regional managers to remove obstacles for community placements.
Increased federal fund recoveries	V00E0301	9494	---	-1,000,000	Increase Title IV E recovery due to improved eligibility determination process.
State operation of Hickey School	V00E0102	6105	-4,166,347	-4,166,347	State operation compared with amount budgeted for private operator in FY 2005