

Q00A00
Administration
Department of Public Safety and Correctional Services

Operating Budget Data

(\$ in Thousands)

	<u>FY 12</u> <u>Actual</u>	<u>FY 13</u> <u>Working</u>	<u>FY 14</u> <u>Allowance</u>	<u>FY 13-14</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$128,114	\$137,763	\$146,262	\$8,499	6.2%
Contingent & Back of Bill Reductions	0	0	-162	-162	
Adjusted General Fund	\$128,114	\$137,763	\$146,100	\$8,337	6.1%
Special Fund	111,138	118,558	122,068	3,511	3.0%
Contingent & Back of Bill Reductions	0	0	-26	-26	
Adjusted Special Fund	\$111,138	\$118,558	\$122,042	\$3,484	2.9%
Federal Fund	803	965	725	-241	-24.9%
Adjusted Federal Fund	\$803	\$965	\$725	-\$241	-24.9%
Reimbursable Fund	4,716	2,542	2,285	-257	-10.1%
Adjusted Reimbursable Fund	\$4,716	\$2,542	\$2,285	-\$257	-10.1%
Adjusted Grand Total	\$244,771	\$259,828	\$271,152	\$11,324	4.4%

- The Department of Public Safety and Correctional Services (DPSCS) Administration has two fiscal 2013 deficiency appropriations totaling almost \$1.2 million. A deficiency of \$891,695 regarding the Public Safety Compact (PSC) is provided for payments owed for providing substance abuse treatment under the PSC for fiscal 2010 to 2012. A deficiency of \$300,000 was also included to provide additional funds for motor vehicle operating expenses.
- General fund growth can be attributed to salaries and wages increasing by \$5.7 million and also reinstating the Public Safety and Military Death Benefits accounting for a \$2.0 million increase.
- Special funds increase by \$3.5 million and can mainly be attributed to Maryland Correctional Enterprise anticipation of continued growth in sales.

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

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Personnel Data

	<u>FY 12</u> <u>Actual</u>	<u>FY 13</u> <u>Working</u>	<u>FY 14</u> <u>Allowance</u>	<u>FY 13-14</u> <u>Change</u>
Regular Positions	1,362.50	1,367.50	1,367.50	0.00
Contractual FTEs	<u>113.94</u>	<u>157.93</u>	<u>157.93</u>	<u>0.00</u>
Total Personnel	1,476.44	1,525.43	1,525.43	0.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	87.11	6.37%
Positions and Percentage Vacant as of 12/31/12	132.00	9.65%

- The number of positions, both regular and contractual full-time equivalents, remain constant in fiscal 2014 for DPSCS Administration.
- The department currently has 132.0 positions vacant, yet only needs 87.1 to meet calculated turnover, a difference of 44.9 positions.

Analysis in Brief

Major Trends

Internal Investigative Unit Case Closure Rates: The Internal Investigative Unit (IIU) is responsible for conducting independent investigations of allegations of criminal activity or employee misconduct within the department. The unit aims to have at least 80% of cases closed within six months and 97% of cases closed within 12 months of case opening. Fiscal 2011 saw a continued decrease in productivity from IIU, when the 6- and 12-month closure rates dropped to 52 and 77%, respectively. According to IIU, the targeted closure rates were not met in fiscal 2011 largely due to the increasing complexity of cases and issues with staffing. Despite the continued decline in productivity, IIU continues to maintain a relatively high level of customer satisfaction, falling below the target of at least 90% of customers rating investigative services as “good” or “better” only once in the past six fiscal years. **IIU should discuss whether the staffing issues have been addressed, particularly in the Central Region.**

Issues

Inmate Medical Services: Inmate medical services is a major factor in the cost of operating correctional facilities. The fiscal 2014 allowance for the department as a whole decreases inmate medical costs by \$6.5 million compared to the 2013 working appropriation, based on a new contract structure as well as an anticipated decrease in population. There are four contracts within inmate medical services: medical, dental, mental health, and pharmacy. Awarding of timely contracts has been a problem for DPSCS. The mental health and medical contracts were both awarded by the Board of Public Works on May 2, 2012; the medical contract was awarded in the face of a protest, yet a date has not been set by the Board of Contract Appeals to hear the protest. The pharmacy contract is still on extension set to expire on June 30, 2013, and the dental contract is set to expire at the end of calendar 2013. **DPSCS and the Department of Budget and Management should comment on what plan has been established in order to have both the dental and pharmacy contracts awarded before current contracts expire. The department should also comment on the roll-out schedule for the expansion of the telemedicine unit.**

Offender Case Management System: The Offender Case Management System (OCMS) is a new operating system to be used by DPSCS in order to better facilitate the transfer of information as an inmate moves from intake through the department even including community supervision. OCMS takes the place of multiple independent systems with one being able to provide all information regarding offenders. The timeline regarding OCMS being operational has been delayed multiple times but is supposed to be fully operational in February 2013. **Since OCMS has had multiple proposed dates of operation, the department should comment on the status and what, if any, problems the department has identified since its launch.**

Public Safety Compact: Maryland has a PSC program which identifies drug-dependent inmates and provides prison-based drug addiction treatment and then releases them on the condition that they

continue treatment in the community, focusing in Baltimore City. The department states regular communication and analysis are vital to the effectiveness of the PSC. **The department should comment on the plan to measure and maintain effectiveness in terms of the PSC, including benefits received from inmates completing treatment outside of correctional facilities and participant’s recidivism rates. The Department of Legislative Services (DLS) recommends restricting funds pending a contract extension and a study establishing its effectiveness, including cost savings and reduced recidivism.**

Recommended Actions

	<u>Funds</u>
1. Add language to delete long-term vacant PINs.	
2. Increase turnover to 7.35%.	\$ 855,753
3. Add language to delete long-term vacant PINs.	
4. Add language to require the Department of Public Safety and Correctional Services Administration to report on the effectiveness of the Public Safety Compact and submit a contract extension.	
Total Reductions	\$ 855,753

Updates

Social Impact Bonds: One of the main goals of DPSCS is to create successful reentry; as per the 2012 *Joint Chairmen’s Report*, the department was supposed to submit a report on the potential use of social impact bonds (SIB) in Maryland. The report submitted by the department concurred with a DLS report entitled *Evaluating Social Impact Bonds as a New Reentry Financing Mechanism: A Case Study on Reentry Programming in Maryland*, that the SIB will not produce beneficial repayment as a form of successful reentry. The costs involved in establishing a SIB are risky and not proven as a sound financing option at this time.

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Operating Budget Analysis

Program Description

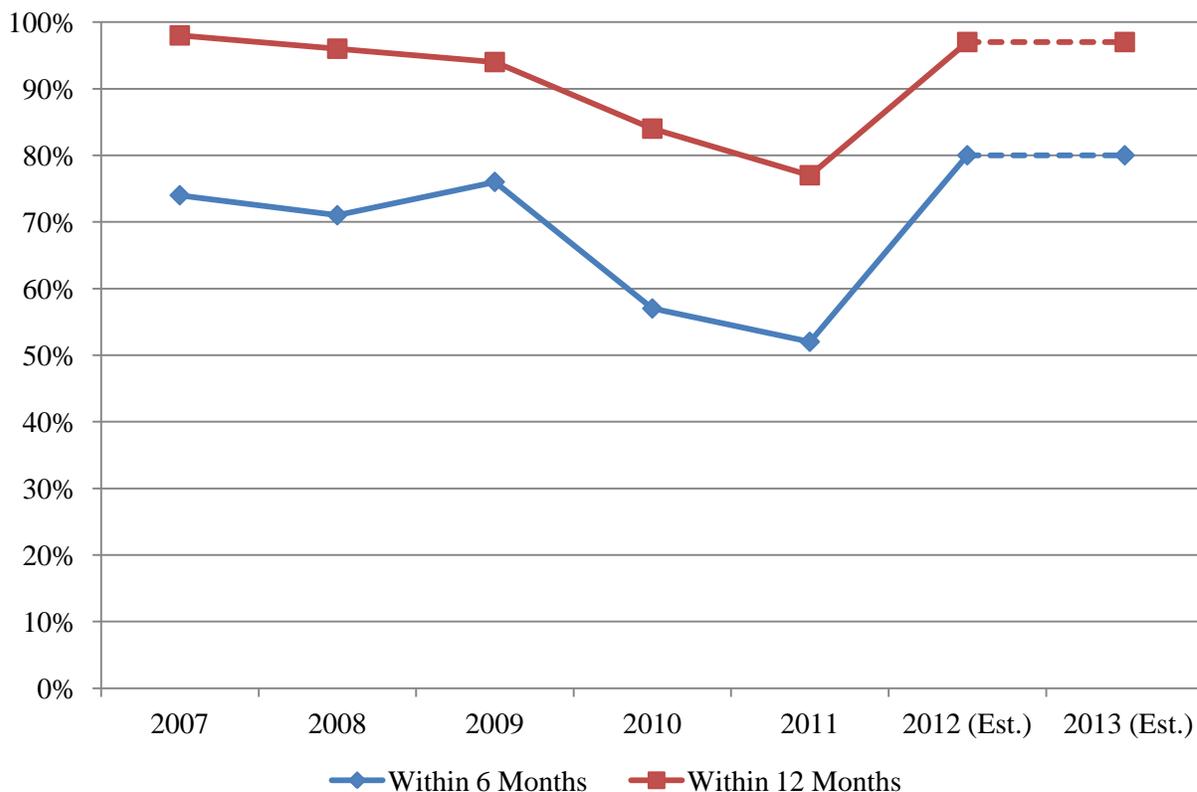
The Department of Public Safety and Correctional Services (DPSCS) Administration reviews the functions included with the Office of the Secretary, Maryland Correctional Enterprises (MCE), and the newly created Office of the Deputy Secretary for Operations. The Office of the Secretary provides overall policy and operational direction and coordination for the activities of the operating units of the department. It establishes policy, sets priorities, and provides central support services and oversight for the constituent agencies. The office administers the State's emergency numbers program and plans, develops, and implements the capital program for the department's custody facilities. Additionally, it is responsible for maintaining the Criminal Justice Information System from which State, local, and federal law enforcement rely on accurate and timely information. MCE provides work and job training for incarcerated inmates through the production of goods and provision of services used by State, local, and federal agencies, in addition to a variety of nonprofit organizations. The Deputy Secretary for Operations is responsible for oversight of the three main functions now divided by region: corrections, community supervision, and pretrial detention. This unit is responsible for the coordination of all departmental programs and services, the operations of the canine, central transportation, Warrant Apprehension, and Central Home Detention Units.

Performance Analysis: Managing for Results

1. Internal Investigative Unit Case Closure Rates

The Internal Investigative Unit (IIU) is responsible for conducting independent investigations of allegations of criminal activity or employee misconduct within the department. Performance measures for IIU focus around conducting timely criminal investigations and meeting the needs of primary customers and recipients of the unit's investigative services. As such, IIU maintains a goal of having at least 80% of all criminal cases opened each fiscal year closed within 6 months after case openings. The unit also aims to have at least 97% of cases opened in a fiscal year closed within 12 months of case openings. **Exhibit 1** shows IIU's progress toward achieving this goal since fiscal 2007.

**Exhibit 1
Internal Investigative Unit
Criminal Case Closure Rate
Fiscal 2007-2013 (Est.)**

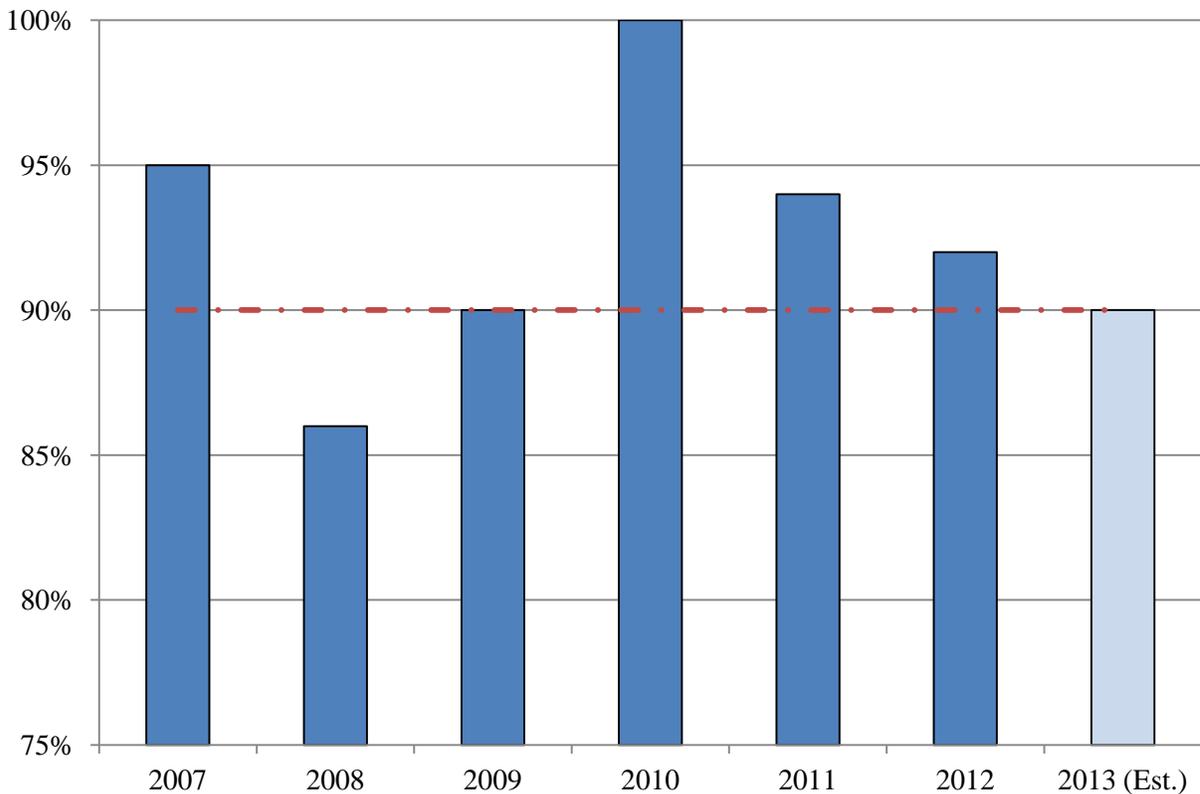


Source: Department of Public Safety and Correctional Services; Governor’s Budget Books, Fiscal 2014

IIU has yet to actually meet the targeted closure rate of 80.0% within 6 months. Until fiscal 2010, the unit’s 6-month closure rate was at or above 71.0%, peaking at 76.0% in fiscal 2009. The 12-month closure rate peaked in fiscal 2007 at 98.0% and declined for the next four fiscal years. Fiscal 2011 saw another drop in productivity from IIU, when the 6- and 12-month closure rates dropped to 52.0 and 77.0%, respectively. According to IIU, the targeted closure rates were not met in fiscal 2011 largely due to the increasing complexity of cases and issues with staffing. The overall number of investigations increased by 442 in fiscal 2011 from 2010, an increase of 39.9%. **IIU should discuss whether the staffing issues have been addressed, particularly in the Central Region.**

Despite the continued decline in productivity, IIU has been able to maintain a relatively high level of customer satisfaction, falling below the target of at least 90% of customers rating investigative services as “good” or “better” only once in the past six fiscal years. **Exhibit 2** provides customer satisfaction data for IIU since fiscal 2007. Customers of IIU include DPSCS agency heads and division directors, the State’s Attorney’s Office, units of the Attorney General, and other users of IIU services.

Exhibit 2
Internal Investigative Unit
Customer Satisfaction Rating of Good or Better
Fiscal 2007-2013 (Est.)



Source: Department of Public Safety and Correctional Services; Governor’s Budget Books, Fiscal 2014

Fiscal 2013 Actions

Proposed Deficiency

There were two deficiencies within DPSCS Administration for fiscal 2013 summing to \$1,191,695. The fiscal 2013 working appropriation added \$891,695 for additional substance abuse treatment under the Public Safety Compact (PSC) and \$300,000 for Motor Vehicle Operation and Maintenance.

- \$891,695 was budgeted as a deficiency for fiscal 2013 as payment for the first three years, fiscal 2010 through 2012, of the PSC. The PSC identifies drug-dependent inmates and provides prison-based drug addiction treatment and then releases them on the condition that they continue treatment in the community. Since it was the first payment, the amount was unknown and, therefore, could not be budgeted previously. Based on the deficiency number, \$850,000 was budgeted within the fiscal 2014 allowance to be used as the fiscal 2013 payment.
- \$300,000 was needed for Motor Vehicle Operation and Maintenance based on the increase of fuel prices.

Proposed Budget

The overall budget for DPSCS Administration increases by \$11.3 million in the fiscal 2014 allowance compared to the 2013 working appropriation, as seen in **Exhibit 3**. When including the deficiencies, equaling approximately \$1.2 million, with the 2013 working appropriation, the allowance increases by 4.0%. The general fund increase is the majority of the change, totaling \$8.3 million; special funds account for the remaining increase in the 2014 allowance. Federal funds and reimbursable funds both drop in the fiscal 2014 allowance by \$241,000 and \$257,000, respectively.

The largest increase can be attributed to salaries and wages increasing by \$5.5 million. Employee and retiree health insurance is increasing by \$1.1 million, which includes the DPSCS Administration share of the across-the-board health insurance reduction. Turnover adjustments are also increasing in the fiscal 2014 allowance by almost \$1.2 million. Retirement expense adds another approximate \$1.9 million. Contribution rates for the regular employees', teachers', State Police, and Law Enforcement Officers' pension plans increase in fiscal 2014. The rate increases are attributable to underattaining investment returns, adjusting actuarial assumptions, and increasing the reinvestment of savings achieved in the 2011 pension reform.

Reinstating the Public Safety and Military Death Benefits adds \$2 million.

Exhibit 3
Proposed Budget
DPSCS – Administration
(\$ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
2013 Working Appropriation	\$137,763	\$118,558	\$965	\$2,542	\$259,828
2014 Allowance	<u>146,262</u>	<u>122,068</u>	<u>725</u>	<u>2,285</u>	<u>271,341</u>
Amount Change	\$8,499	\$3,511	-\$241	-\$257	\$11,512
Percent Change	6.2%	3.0%	-24.9%	-10.1%	4.4%
 Contingent Reduction	 -\$162	 -\$26	 \$0	 \$0	 -\$189
Adjusted Change	\$8,337	\$3,484	-\$241	-\$257	\$11,324
Adjusted Percent Change	6.1%	2.9%	-24.9%	-10.1%	4.4%

Where It Goes:

Personnel Expenses

Employee Retirement and Pension System	\$1,866
Turnover adjustments	1,161
Employee and retiree health insurance, net of across-the-board reductions	1,141
Annualization of fiscal 2013 general salary increase.....	810
Overtime	687
Workers' compensation premium assessment	530
Increments and other compensation.....	-676

Cost Containment

Department of Budget and Management paid telecommunications	401
Retirement administrative fee.....	110
Statewide Personnel System allocation	-733

Other Changes

Maryland Correctional Enterprise supplies	4,200
Public Safety and Military Death Benefits	2,000
Public Safety Compact.....	850
Inmate medical.....	378
Fuel and utilities.....	125
Data processing equipment – minicomputers	-510

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Where It Goes:

Telecommunication modems/software licenses	-382
Purchase cost or lease cost/rent	-379
Security services	-148
Postage	-71
Other	-36
Total	\$11,324

DPSCS: Department of Public Safety and Correctional Services

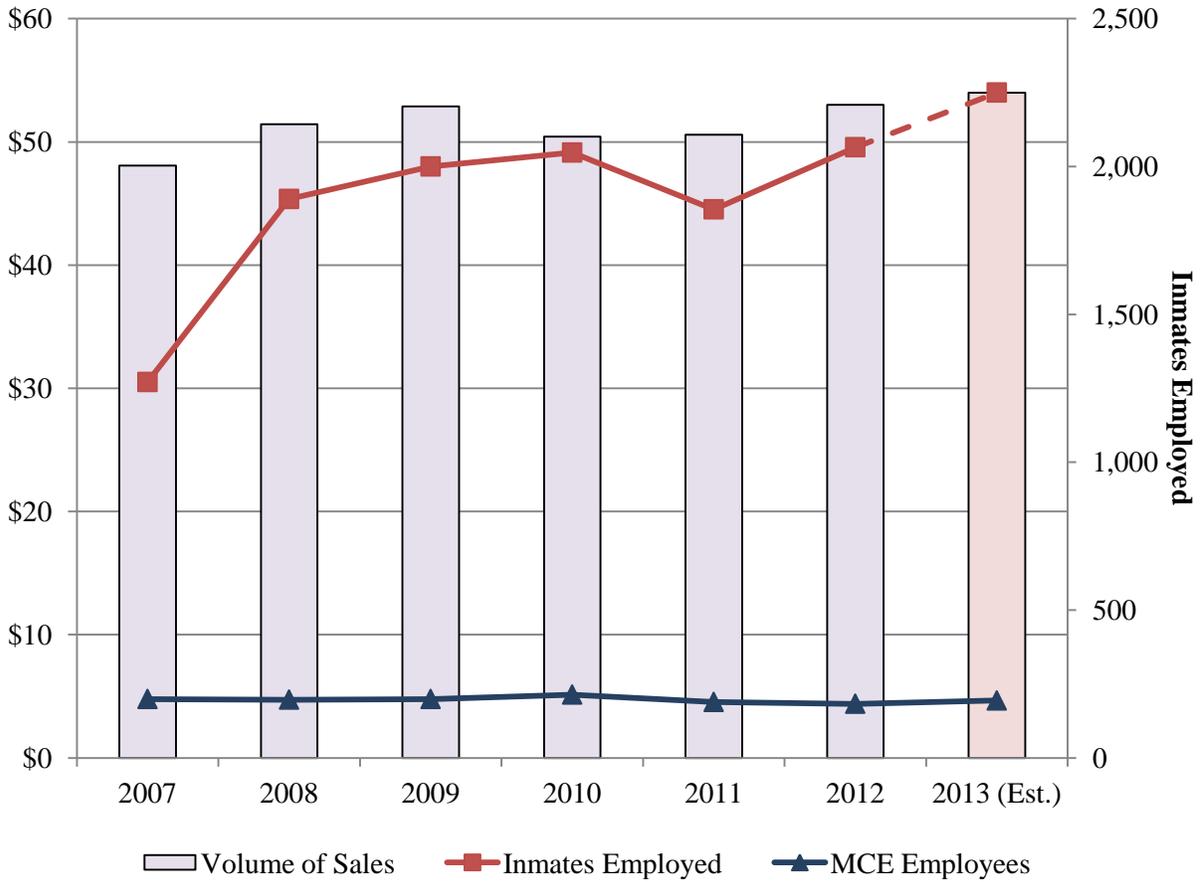
Note: Numbers may not sum to total due to rounding.

The PSC accounts for \$850,000 of new appropriations within the 2014 allowance. A deficiency was needed in fiscal 2013 for payment of services provided by the compact from fiscal 2010 to 2012 since fiscal 2013 was the first year of payment; therefore, an amount was unknown. The amount included within the 2014 allowance is an expectation of program operation costs for fiscal 2014.

The MCE allocation for supplies and materials increases special funds by \$4.2 million in the fiscal 2014 allowance compared to the 2013 working appropriation. MCE projects a continued rise in sales, therefore, projecting a need for more supplies. **Exhibit 4** highlights MCE spending trends and anticipates the continuation of more sales. The number of inmates employed totaled 2,065 in fiscal 2012, an 11.3% increase from fiscal 2011. DPSCS projects to have 2,250 inmates employed in fiscal 2013, a Managing for Results goal yet to be met. The volume of sales has been rising since fiscal 2010. MCE did \$53.0 million worth of sales in fiscal 2012, a 4.8% increase from fiscal 2011. The anticipated volume of sales in fiscal 2013 is \$54.0 million, which would be a 2.0% increase from fiscal 2012.

Federal funds and reimbursable funds are both decreasing due to a decreased number of grant dollars anticipated. The reduction in federal funds is due to the discontinuation of both the Prisoner Reentry Initiative and Enhancing Individual and Community Capacity grants. All of the reimbursable funds are attributed to lower estimates from the Governor’s Office of Crime Control and Prevention.

Exhibit 4
DPSCS – Administration
Maryland Correctional Enterprises Productivity
Fiscal 2007-2013 (Est.)
(\$ in Millions)



DPSCS: Department of Public Safety and Correctional Services
MCE: Maryland Correctional Enterprise

Source: Department of Public Safety and Correctional Services

Issues

1. Inmate Medical Services

Inmate medical services are one of the highest costs when operating correctional facilities. The fiscal 2014 allowance totals \$157.1 million; the department as a whole decreases inmate medical costs by \$6.5 million compared to the 2013 working appropriation, based on the new contract as well as an anticipated decrease in population.

Contracts

There are four contracts that account for inmate medical services: medical, dental, mental health, and pharmacy. Utilization Management (UM) used to be a separate contract until the most recent contract was awarded when it was merged with the medical contract.

Medical

The latest medical contract was approved on May 2, 2012, in the face of a protest, for the term of May 3, 2012, through June 30, 2017. The Board of Contract Appeals has not yet set a date to hear the protest. The new medical contract differs from the structure of the previous contract in a variety of ways.

Under the previous contract, the contractor supplied the staff, equipment, and supplies to provide for all patient care rendered inside the correctional facility. The contractor would invoice the department monthly at the fixed contract amount for staffing and for supplies or equipment on a reimbursement basis. Secondary care (offsite services for hospitalization and specialty consultations) was managed through a separate UM contract. The UM contractor monitored the use of secondary care to ensure that the services provided were appropriate based upon the stated diagnosis and appropriate pricing was utilized. Payments to this contractor were on a reimbursement basis.

The new contract is a managed care contract – one vendor supplies all in-house staff, all equipment and supplies, and pays for all hospitalization and specialty care. Payment to the contractor is primarily based on a fixed monthly fee, with the following additional payment considerations:

- If the total average daily population listed on the price form (26,057 for fiscal 2013 and 26,098 for fiscal 2014), varies in any month by more than 750 inmates, plus or minus, the contractor's monthly fee will be adjusted up or down on a per-inmate basis for the number of inmates in excess of 750;
- The contractor can retain 10% of all third party reimbursements of inmate offsite medical care, including Medical Assistance reimbursements;

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- For any inmate that incurs more than \$25,000 in offsite hospital expenses in a single admission occurrence, the department will reimburse the contractor 50% of all expenses over \$25,000;
- The contractor will be reimbursed in full for any expenses to transport inmates by ambulance for offsite hospitalizations or other offsite care in excess of a threshold listed in the request for proposals; and
- The contractor will be reimbursed in full for any transportation expense in returning a Maryland inmate incarcerated in another state to Maryland for medical care.

The department anticipates the base monthly payment to decrease, resulting in the annual payment to be reduced from \$110 million to \$105 million, due to a decrease in population based on the earned release program.

Dental

The new dental contract was approved by the Board of Public Works (BPW) on December 15, 2010, for the term of January 1, 2011, through December 31, 2013. Since the contract expires at the end of the calendar year, DPSCS and the Department of Budget and Management (DBM) are working on a new solicitation. DBM is in charge of procurement for new contracts regarding inmate medical. The department anticipates savings of approximately \$150,000 in the dental contract from the reduction in population occurring because of the earned release program.

Mental Health

The mental health contract was approved by BPW on May 2, 2012, for the term of May 3, 2012, through June 30, 2017. The department does not anticipate savings to come from the mental health contract through the anticipated decrease in population.

Pharmacy

The pharmacy contract was extended to June 30, 2013. The initial term of the contract was June 30, 2005, through June 30, 2007, with three, one-year renewal options. The contract was modified 13 times since its award. The last modification was to extend the contract from December 31, 2012, through June 30, 2013, to allow for the award of the new contract.

The department recommended award of the contract on December 21, 2011, in the face of a protest, though the Board of Public Works denied the request. On January 10, 2013, the Board of Contract Appeals did not approve the department's motion for reconsideration; the next step is for DPSCS to decide whether to start over or to re-evaluate other proposals submitted.

DPSCS and DBM should comment on what plan has been established in order to have both the dental and pharmacy contracts awarded before current contracts expire.

Telemedicine

The status quo includes 11 facilities equipped for telemedicine on a limited basis using a system that was established seven years ago to consult with The John Hopkins Hospital and the University of Maryland Medical Center. The system allows for consults through limited video and audio and includes an average of 18.3 consults per month, or 220.0 consults annually. Currently, there is no significant impact on reducing outside medical trips. The new medical contract includes an option to enhance telemedicine not utilized currently by the department.

A new system is under consideration. According to the department, it would replace the existing system and achieve real sustainable reduction in outside medical trips. The system would include 18 facility-based units with a full complement of peripherals (stethoscope, audio scope, high definition clinical camera, electrocardiogram, panoptic ophthalmoscope, 20 portable laptops to cover physician on-call emergency coverage during weekends and holidays, and 12 laptops to be deployed by medical and mental health release planners). When fully deployed, this system will have a significant impact on the number of outside medical trips.

The department plans to implement the enhanced use of telemedicine in two phases:

- The department plans to exercise the option in the current medical contract for enhanced telemedicine services in spring 2013, providing for 6 facility-based units with the full complement of equipment. DPSCS estimates the financial impact will be \$239,000.
- The department plans to propose modifying the existing medical contract to provide for 12 additional facility-based units with the full complement of equipment prior to the end of fiscal 2013.

Financing the first six new facility-based units will be done within the current inmate medical budget according to the department and be supplemented with reimbursements from Medicaid.

The department should comment on the roll-out schedule for the expansion of the telemedicine unit.

2. Offender Case Management System

The Offender Case Management System (OCMS) is a new operating system to be used by DPSCS in order to better facilitate the transfer of information as an inmate moves from intake through the department, even including community supervision. OCMS takes the place of multiple independent systems, with one being able to provide all information regarding offenders. There are multiple modules to the OCMS system at a variety of stages within the roll-out process:

- **Arrest and Booking** – Development is done and system is operational;

- **Corrections Commitment, Case Management, Events, Infractions, Release, Visitation, and Assessment** – Development is done, and users are testing out the module to see what fixes need to occur before put into operation;
- **Community Supervision** – Development is done and system is operational;
- **Citations and Earned Compliance Credit** – Development is done and system is operational;
- **Victim Services, Grievance, and Property** – Development is done, and the department anticipates the operational date as January 23, 2013; and
- **Maryland Parole Commission** – Development is done and testing is underway, the department anticipates the module to be operational on February 3, 2013.

Since OCMS has had multiple proposed dates of operation, the department should comment on the status and what, if any, problems the department has identified since its launch.

Expansion of OCMS

In addition to developing OCMS departmentwide, the budget committees asked the department to submit a report on the possibility of expanding OCMS to also include local detention centers in the counties, to create a statewide correctional system from intake through community supervision. Currently, Frederick, Harford, Howard, St. Mary's, and Wicomico counties along with Baltimore City use the OCMS booking module. No counties use OCMS for any detention services in the status quo.

The position taken by the department is to offer assistance and guidance to any counties wishing to seek out a new system, with no suggestion of hands on help. Implementation of a statewide system including detention centers, would allow for better case management because OCMS could indicate prior arrests at the local level and any programming received, resulting in more effective inmate services provided. A statewide corrections system would also more easily facilitate inmates to serve the few remaining months in a detention center closer to their homes, which would assist in a more successful reentry into the community. **DPSCS Administration should discuss why at this time a statewide corrections system will not be pursued.**

3. Public Safety Compact

Maryland has a PSC program which identifies drug-dependent inmates and provides prison-based drug addiction treatment; and then releases them on the condition that they continue treatment in the community, focusing in Baltimore City. The goal is to reduce the number of inmates incarcerated after providing the correct treatment; the department aimed to have 10 to 15 participants

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per month, yet averages only 8. Since fiscal 2010, 289 inmates have been released to the PSC, including an additional 67 inmates whom have been released in the first half of fiscal 2013.

The PSC is a contract between DPSCS, DBM, Maryland Parole Commission, Baltimore Substance Abuse Systems, Family League of Baltimore City, Safe and Sound, and a Policy Team for the PSC. The contract states that savings are the difference between what the department currently spends and the operating costs of the program. Savings should be divided: 40% retained by the State and 60% given back to the facilitators of the program.

A deficiency of \$891,695 was submitted for fiscal 2013 as a payment for fiscal 2010 through 2012. Since this was the first payment, the amount was unknown and, therefore, not included in the budget. An appropriation of \$850,000 is included within the fiscal 2014 budget to provide payment for services in fiscal 2014. The number is calculated by using the fiscal year per diem rate and the number of inmate days saved due to the inmate being released early to complete drug-treatment outside the correctional facility.

The PSC contract is for five years, set to expire December 2013. The department is currently in discussions with the intent to extend the contract. Aside from the appropriate funding levels, DPSCS has yet to determine if the PSC is even a worthwhile program to pursue. The department states regular communication and analysis are vital to the effectiveness of the PSC. **The department should comment on the plan to measure and maintain effectiveness in terms of the PSC, including benefits received from inmates completing treatment outside of correctional facilities and participant's recidivism rates. The Department of Legislative Services (DLS) recommends restricting funds pending a contract extension and a study establishing its effectiveness, including cost savings and reduced recidivism.**

Recommended Actions

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

Provided that the following 4 positions be abolished from the Office of the Secretary, PINs 069980, 035961, 036559, and 079661.

Explanation: Three of the positions have been vacant since prior to October 31, 2010, the remaining position is deemed unnecessary; the Office of the Secretary has operated efficiently without the use of those positions; therefore, they should be abolished.

**Amount
Reduction**

2. Increase turnover expectancy to better reflect the current vacancy rate. This increases the turnover rate from 6.37 to 7.35%. \$ 855,753 GF

3. Add the following language:

Provided that the following 2 positions be abolished from the Deputy Secretary for Operations, PINs 068975 and 036448.

Explanation: One position has been vacant since October 9, 2007, and the other is deemed unnecessary; the Deputy Secretary for Operations has operated efficiently without the use of those positions; therefore, they should be abolished.

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

, provided that \$425,000 of this appropriation made for the purpose of the Public Safety Compact (PSC) may not be expended until the Department of Public Safety and Correctional Services (DPSCS) Administration submits the following to the budget committees by September 1, 2013:

- (1) a report to the budget committees on the effectiveness of the PSC compared to a control group not participating in the program on substance abuse treatment outcomes, recidivism rates, and benefits to DPSCS, and
- (2) a PSC contract extension at least through June 30, 2014.

Further provided that the budget committees shall have 45 days to review and comment from the date of receipt of both the report and contract extension.

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Funds restricted pending the receipt of the aforementioned items may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if both items are not submitted to the budget committees.

Explanation: DPSCS Administration has yet to demonstrate the PSC as an effective program compared to a control group not participating in the program on substance abuse treatment outcomes, recidivism rates (either re-arrest or re-incarceration), and benefits to DPSCS. Along with the effectiveness report, a copy of a valid contract extension through at least June 30, 2014, should be submitted, since the current contract expires on December 31, 2013.

Information Request	Author	Due Date
PSC effectiveness compared to a control group	DPSCS Administration	September 1, 2013
Total General Fund Reductions		\$ 855,753

Updates

1. Social Impact Bonds

One of the main goals of DPSCS is to create successful inmate reentry; as per the 2012 *Joint Chairmen’s Report*, the department was supposed to submit a report on the potential use of social impact bonds (SIB) in Maryland. The report submitted by the department concurred with a DLS report entitled *Evaluating Social Impact Bonds as a New Reentry Financing Mechanism: A Case Study on Reentry Programming in Maryland*, that the SIB will not produce beneficial repayment as a form of successful reentry. The costs involved in establishing a SIB are risky and not proven as a sound financing option at this time.

A SIB is a form of performance-based contracts. The government contracts to reimburse investors only when positive outcomes are achieved. Payment amounts are based on the cost savings that the government realizes from the program. In the event that the program does not produce the targeted outcomes, then the investors receive no compensation from the government and lose their capital investment. In order to have strict result-based compensation, the contract is complex and rigid – two reasons that the risks would not outweigh the financial responsibility for the State at this time. DPSCS has decided to keep an eye on developments but not to pursue it at this time.

Language included within the operating bill in the 2012 session asked the department to produce a Request for Information (RFI) and submit it along with the report. The department failed to create and submit an RFI, while the evidence provided does show that approximately two years is needed to produce a working RFI.

Audit Findings

Audit Period for Last Audit:	July 1, 2009 – December 18, 2011
Issue Date:	November 2012
Number of Findings:	1
Number of Repeat Findings:	0
% of Repeat Findings:	0%
Rating: (if applicable)	n/a

Finding 1: Equipment maintained by the office’s Information Technology and Communications Division, was not adequately controlled and accounted for.

Major Information Technology Projects

Department of Public Safety and Correctional Services Offender Case Management System

Project Status¹	Implementation.	New/Ongoing Project:	Ongoing.					
Project Description:	To develop a full-lifecycle case management system to manage offender information from the point of an offender's arrest and pretrial, through incarceration and community supervision.							
Project Business Goals:								
Estimated Total Project Cost¹:	\$15,556,197	Estimated Planning Project Cost¹						
Project Start Date:	January 2010.	Projected Completion Date:	February 2013.					
Schedule Status:	The Offender Case Management System (OCMS) project is about a month behind schedule, primarily due to the incorporation of support for functionality to support legislation on (1) citations; (2) earned compliance credit; and (3) Pharmatech. The Community Supervision module was moved to production at the end of 2012. The final two modules, the Maryland Parole Commission and Pre-Trial Phase-II, are to be moved into production in the third quarter of fiscal 2013.							
Cost Status:	The project saw continued delays which led to continued increases in estimated total project cost. Total cost is \$15,556,197; any additional changes will be made under normal operation and maintenance.							
Scope Status:	Ten change requests were generated during the User Acceptance Testing and Community Supervision Pilot. The first phase of changes were executed in a pilot location and finally rolled out to all locations at the end of the second quarter of fiscal 2013. The critical changes were included in the second quarter of fiscal 2013 implementation, while the noncritical changes are planned to be implemented at a later time under normal Operation and Maintenance.							
Project Management Oversight Status:	See Identifiable Risks section.							
Identifiable Risks:	Since adding two deputy project managers to the project in January and February 2011, the Department of Public Safety and Correctional Services (DPSCS) has noticed an improvement in scheduled tasks remaining on target. The schedule is still rated as a medium risk to this project, and DPSCS is mitigating this risk by reviewing the schedule with the contractor weekly to ensure that tasks are being completed according to the schedule.							
Additional Comments:	None.							
Fiscal Year Funding (\$ in Thousands)	Prior Years	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	Balance to Complete	Total
Personnel Services	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Professional and Outside Services	13,090.0	1,516.2	950.0	0.0	0.0	0.0	0.0	15,556.2
Other Expenditures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Funding	\$13,090.0	\$1,516.0	\$950.0	\$0.0	\$0.0	\$0.0	\$0.0	\$15,556.2

¹ In calendar 2011, a two-step approval process was adopted. Initially, an agency submits a Project Planning Request. After the requirements analysis has been completed and a project has completed all of the planning required through Phase Four of the Systems Development Lifecycle (Requirements Analysis), including a baseline budget and schedule, the agency may submit a Project Implementation Request and begin designing and developing the project when the request is approved. For planning projects, costs are estimated through planning phases. Implementation projects are required to have total development costs.

Major Information Technology Projects

Department of Public Safety and Correctional Services Enterprise Resource Planning Implementation Project

Project Status¹	Planning.	New/Ongoing Project:	New.					
Project Description:	This initiative will provide the ability for Maryland Correctional Enterprises (MCE) to revise and update its back-end information technology (IT) infrastructure, paper-driven financial and manufacturing processes to better meet the needs of Maryland's correctional industries program. The current paper-driven process and computing platform cannot keep up with the volume of information and sales being generated by MCE.							
Project Business Goals:	This initiative supports the following MCE goal: A solution whose basic core capabilities address, at a minimum, the needs for all the following functions: (a) enterprise resource planning; (b) customer relationship management; and (c) integrating with other Maryland systems, primarily the Financial Management Information System.							
Estimated Total Project Cost¹:			Estimated Planning Project Cost¹:					
Project Start Date:	July 2014.		Projected Completion Date:					
Schedule Status:	Planning phase activities are not completed, including the development of the Project Management Plan, which contains the project schedule; therefore, the schedule duration is unknown at this time.							
Cost Status:	The project is in the Information Technology Project Request (ITPR) – Project Planning Request phase and reflects only those costs associated with System Development Life Cycle (SDLC) phases 1-4. Once planning is complete, the agency will submit for approval a new ITPR for project implementation that will reflect the estimated total project cost.							
Scope Status:	None.							
Project Management Oversight Status:	None.							
Identifiable Risks:	MCE is in the process of hiring a single project manager (PM) to complete SDLC phases 1-4. There are no other MCE subject matter experts assigned to this project on a full-time basis. Therefore, there is a risk that the PM may not have appropriate resources available to be able to gather and document full requirements on a timely basis. The Department of Information Technology will work with MCE to help it augment project resources via established IT services contracts, as necessary.							
Additional Comments:	None.							
Fiscal Year Funding (\$ in Thousands)	Prior Years	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	Balance to Complete	Total
Personnel Services	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Professional and Outside Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Expenditures	0.0	300.0	0.0	0.0	0.0	0.0	0.0	300.0
Total Funding	\$0.0	\$300.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$300.0

¹ In calendar 2011, a two-step approval process was adopted. Initially, an agency submits a Project Planning Request. After the requirements analysis has been completed and a project has completed all of the planning required through Phase Four of the Systems Development Lifecycle (Requirements Analysis), including a baseline budget and schedule, the agency may submit a Project Implementation Request and begin designing and developing the project when the request is approved. For planning projects, costs are estimated through planning phases. Implementation projects are required to have total development costs.

**Object/Fund Difference Report
DPSCS – Administration**

<u>Object/Fund</u>	<u>FY 12 Actual</u>	<u>FY 13 Working Appropriation</u>	<u>FY 14 Allowance</u>	<u>FY 13 - FY 14 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	1,362.50	1,367.50	1,367.50	0.00	0%
02 Contractual	113.94	157.93	157.93	0.00	0%
Total Positions	1,476.44	1,525.43	1,525.43	0.00	0%
Objects					
01 Salaries and Wages	\$ 99,080,796	\$ 101,182,853	\$ 106,890,683	\$ 5,707,830	5.6%
02 Technical and Spec. Fees	4,681,659	5,479,325	5,275,558	-203,767	-3.7%
03 Communication	2,386,576	3,669,130	3,738,592	69,462	1.9%
04 Travel	363,301	307,221	338,600	31,379	10.2%
06 Fuel and Utilities	1,459,813	1,341,220	1,466,345	125,125	9.3%
07 Motor Vehicles	2,207,373	2,360,432	2,267,441	-92,991	-3.9%
08 Contractual Services	33,814,640	41,785,495	41,011,972	-773,523	-1.9%
09 Supplies and Materials	33,333,014	32,382,800	36,588,325	4,205,525	13.0%
10 Equipment – Replacement	4,848,956	5,328,179	5,204,381	-123,798	-2.3%
11 Equipment – Additional	1,213,331	1,238,018	791,613	-446,405	-36.1%
12 Grants, Subsidies, and Contributions	58,379,931	61,527,300	64,502,528	2,975,228	4.8%
13 Fixed Charges	3,001,429	3,226,296	3,264,695	38,399	1.2%
Total Objects	\$ 244,770,819	\$ 259,828,269	\$ 271,340,733	\$ 11,512,464	4.4%
Funds					
01 General Fund	\$ 128,113,914	\$ 137,762,966	\$ 146,262,226	\$ 8,499,260	6.2%
03 Special Fund	111,137,709	118,557,849	122,068,462	3,510,613	3.0%
05 Federal Fund	802,800	965,390	724,578	-240,812	-24.9%
09 Reimbursable Fund	4,716,396	2,542,064	2,285,467	-256,597	-10.1%
Total Funds	\$ 244,770,819	\$ 259,828,269	\$ 271,340,733	\$ 11,512,464	4.4%

Note: The fiscal 2013 appropriation does not include deficiencies. The fiscal 2014 allowance does not include contingent reductions.

**Fiscal Summary
DPSCS – Administration**

<u>Program/Unit</u>	<u>FY 12 Actual</u>	<u>FY 13 Wrk Approp</u>	<u>FY 14 Allowance</u>	<u>Change</u>	<u>FY 13 - FY 14 % Change</u>
01 General Administration	\$ 25,843,171	\$ 35,246,610	\$ 38,254,560	\$ 3,007,950	8.5%
02 Information Technology and Communications Division	36,736,030	38,268,486	38,365,967	97,481	0.3%
03 Internal Investigative Unit	2,492,288	2,681,124	2,789,560	108,436	4.0%
04 9-1-1 Emergency Number Systems	53,072,410	57,336,569	57,371,771	35,202	0.1%
06 Div. of Cap. Construction and Facilities Maintenance	2,287,289	2,355,529	2,425,694	70,165	3.0%
07 Major Information Technology Development Projects	2,490,700	0	300,000	300,000	0%
01 General Administration	7,393,519	9,317,110	10,728,918	1,411,808	15.2%
02 Community Supervision Services	25,088,362	24,600,082	24,581,048	-19,034	-0.1%
03 Programs and Services	5,540,517	5,596,094	6,776,715	1,180,621	21.1%
04 Security Operations	31,465,467	29,533,261	31,158,907	1,625,646	5.5%
01 Maryland Correctional Enterprises	52,361,066	54,893,404	58,587,593	3,694,189	6.7%
Total Expenditures	\$ 244,770,819	\$ 259,828,269	\$ 271,340,733	\$ 11,512,464	4.4%
General Fund	\$ 128,113,914	\$ 137,762,966	\$ 146,262,226	\$ 8,499,260	6.2%
Special Fund	111,137,709	118,557,849	122,068,462	3,510,613	3.0%
Federal Fund	802,800	965,390	724,578	-240,812	-24.9%
Total Appropriations	\$ 240,054,423	\$ 257,286,205	\$ 269,055,266	\$ 11,769,061	4.6%
Reimbursable Fund	\$ 4,716,396	\$ 2,542,064	\$ 2,285,467	-\$ 256,597	-10.1%
Total Funds	\$ 244,770,819	\$ 259,828,269	\$ 271,340,733	\$ 11,512,464	4.4%

Note: The fiscal 2013 appropriation does not include deficiencies. The fiscal 2014 allowance does not include contingent reductions.