

Q00A00
Administration
Department of Public Safety and Correctional Services

Operating Budget Data

(\$ in Thousands)

	<u>FY 13</u> <u>Actual</u>	<u>FY 14</u> <u>Working</u>	<u>FY 15</u> <u>Allowance</u>	<u>FY 14-15</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$133,823	\$147,706	\$150,295	\$2,589	1.8%
Contingent & Back of Bill Reductions	0	-7,253	-1,194	6,059	
Adjusted General Fund	\$133,823	\$140,453	\$149,101	\$8,648	6.2%
Special Fund	106,891	122,420	122,251	-169	-0.1%
Contingent & Back of Bill Reductions	0	0	-244	-244	
Adjusted Special Fund	\$106,891	\$122,420	\$122,007	-\$413	-0.3%
Federal Fund	730	726	650	-76	-10.4%
Contingent & Back of Bill Reductions	0	0	-64	-64	
Adjusted Federal Fund	\$730	\$726	\$586	-\$140	-19.3%
Reimbursable Fund	4,951	2,285	2,226	-60	-2.6%
Adjusted Reimbursable Fund	\$4,951	\$2,285	\$2,226	-\$60	-2.6%
Adjusted Grand Total	\$246,396	\$265,885	\$273,920	\$8,035	3.0%

- Fiscal 2014 deficiency appropriations for the Department of Public Safety and Correctional Services' (DPSCS) Administration reduce the general fund working appropriation by a net \$16,809. Cost containment actions totaling \$2.4 million reduce funding in the current fiscal year for motor vehicle purchases, telecommunication lines, and Public Safety Death Benefits, in addition to reverting \$855,753 in funding that had been restricted by the General Assembly for the sole purpose of hiring additional correctional officers. These reductions are offset by an additional \$1.8 million, provided to enhance the Internal Investigation Unit (IIU), \$473,000 to replace Capital bond funds which had been previously used to support contractual employment within the Division of Capital Construction and Facilities Maintenance, and \$182,000 to enhance staff responsible for handling disciplinary cases.

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

For further information contact: Rebecca J. Ruff

Phone: (410) 946-5530

- Accounting for across-the-board reductions and fiscal 2014 withdrawn appropriations, the fiscal 2015 allowance reflects an increase of \$8.0 million, or 3.0%. The majority of the increase is in general funds and is attributable to growth in personnel expenses. Approximately \$2.0 million in additional special fund revenue from 9-1-1 fees assessed to prepaid wireless devices is offset by a \$2.1 million reduction in special fund expenditures for Maryland Correctional Enterprises (MCE). The allowance also includes nearly \$367,000 in general funds to implement a pilot program to provide community-based treatment for at-risk youth.

Personnel Data

	<u>FY 13</u> <u>Actual</u>	<u>FY 14</u> <u>Working</u>	<u>FY 15</u> <u>Allowance</u>	<u>FY 14-15</u> <u>Change</u>
Regular Positions	1,367.50	1,393.50	1,402.50	9.00
Contractual FTEs	<u>108.58</u>	<u>162.48</u>	<u>158.88</u>	<u>-3.60</u>
Total Personnel	1,476.08	1,555.98	1,561.38	5.40

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions

	58.95	4.23%
Positions and Percentage Vacant as of 12/31/13	168.00	12.06%

- The Administration component receives 9.0 additional regular positions in the fiscal 2015 allowance. This includes the contractual conversion of 2.0 investigators hired in fiscal 2014 to assist with background checks for correctional employee applicants. The other 7.0 positions are provided to expand the operations of the Canine Unit in order to assist with the detection of contraband in correctional facilities. The unit will also add six dogs.
- Between the fiscal 2014 legislative and working appropriations, the Administration unit gained 26.0 additional regular positions. This was the result of the reclassification of existing vacant positions to enhance IIU operations.
- The Administration unit currently has 109.0 vacant positions beyond what is needed to meet budgeted turnover.

Analysis in Brief

Major Trends

Office of the Secretary: Although the IIU demonstrated improved productivity between fiscal 2011 and 2012, the agency continues to fall short in meeting its targeted closure rates. This is due to the increasing complexity of cases and issues with staffing. Additional resources provided in fiscal 2014 and 2015 should resolve some of these issues. **IIU should discuss how the improvements in the closure rates were achieved in fiscal 2012 and the agency's plan for continued improvement.** Operations within the Commitment Unit struggled in fiscal 2013, as the number of incorrectly released offenders rose significantly from one to ten between fiscal 2012 and 2013. DPSCS attributes the oversights to an increase in work volume and limited manpower. **DPSCS should comment on whether all incorrectly released offenders have been returned to custody, the average time the offender spent in the community before being recaptured, and the steps taken to avoid similar mistakes in the future.**

Deputy Secretary for Operations: DPSCS has a goal of providing 75% of released offenders with a release plan, birth certificate, and Social Security card prior to release. With regard to the release plans, DPSCS has exceeded the target for the past three fiscal years. The provision of birth certificates and Social Security cards, while having improved since fiscal 2009, continues to fall short of the goal. DPSCS also provides substance abuse treatment services via therapeutic communities at five facilities across the State. Fiscal 2013 had the highest number of participating inmates in the past five fiscal years; however, this was also the year with the lowest successful completion rate (55%). **DPSCS should discuss the reason for the low completion rate in fiscal 2013 and how this measure can be improved in the future.**

Maryland Correctional Enterprises: Since fiscal 2006, MCE annual sales have increased by \$8 million, or nearly 19%. Inmate employment has grown by more than 25%, adding 430 offenders over the eight-year period.

Issues

Procurement of a New Inmate Pharmacy Contract: The fiscal 2014 and 2015 budgets for contractual pharmacy services increase by 5% when compared to fiscal 2013 actual spending. This is the result of lengthy delays in successfully procuring a new inmate pharmacy contract. The most recent contract extension with the current vendor expires at the end of calendar 2014. DPSCS is just beginning a new procurement for this contract but hopes to award by the end of the existing extension. **DPSCS should discuss how the department will ensure that the issues surrounding the original procurement have been resolved and will not be repeated.**

Effectiveness of the Public Safety Compact: An analysis of the Public Safety Compact (PSC) participants versus a comparison group shows the PSC as having a positive impact on

recidivism. PSC participants had a reduced probability of being arrested and convicted post-release. **DPSCS should discuss whether this program will be continued beyond the end of fiscal 2014 and whether the impact on the population warrants an expansion of the program. The Department of Legislative Services recommends that DPSCS submit a follow-up report providing continued recidivism data and a cost-benefit analysis of the program, in addition to exploring other outcome measures for PSC participants relating to their family, substance abuse, and employment status.**

Recommended Actions

	<u>Funds</u>
1. Reduce funding for new community mediation re-entry initiative.	\$ 75,000
2. Add language restricting funds pending receipt of a report on the Public Safety Compact.	
3. Add language restricting funds pending receipt of a report on the implementation and outcomes of a re-entry mediation initiative.	
4. Delete funding for a young offender pilot program.	366,804
Total Reductions	\$ 441,804

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Administration
Department of Public Safety and Correctional Services

Operating Budget Analysis

Program Description

The Department of Public Safety and Correctional Services (DPSCS) Administration includes the functions within the Office of the Secretary, Maryland Correctional Enterprises (MCE), and the 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 and develops and implements the capital program for the department's custody facilities. Additionally, it is responsible for maintaining the Criminal Justice Information System which State, local, and federal law enforcement rely on for 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 the 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, including the operations of the canine, central transportation, Warrant Apprehension, and Central Home Detention Units.

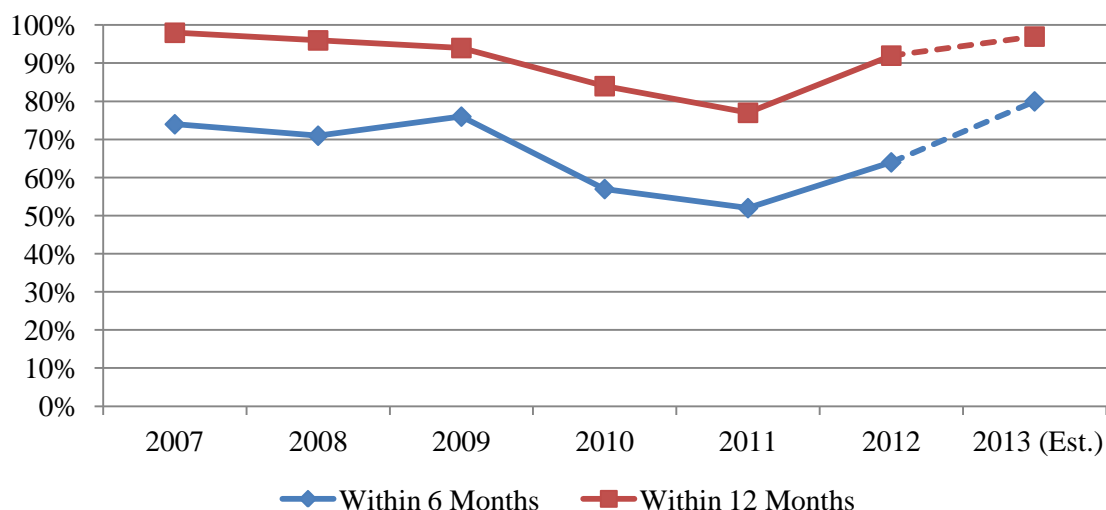
Performance Analysis: Managing for Results

1. Office of the Secretary

Internal Investigative Unit

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 these goals since fiscal 2007.

Exhibit 1
Internal Investigative Unit
Criminal Case Closure Rate
Fiscal 2007-2013



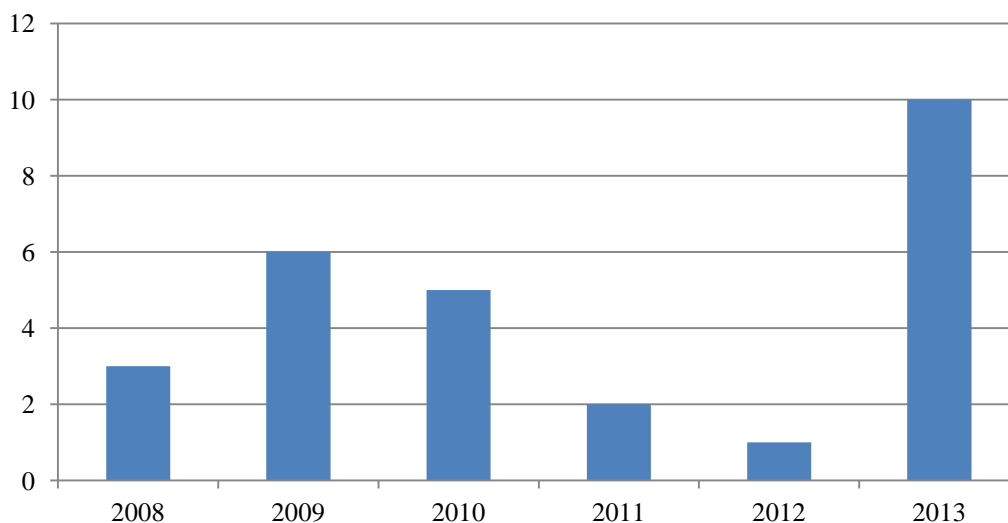
Source: Department of Public Safety and Correctional Services

Although the agency demonstrated improved productivity between fiscal 2011 and 2012, IIU continues to fall short in meeting its targeted closure rates. Fiscal 2011 was a most recent low point, when only 52% of cases were closed within 6 months, and 77% were closed within 12 months of case openings. The unit improved its 6-month closure rate by 12 percentage points in fiscal 2012, to 64%. The 12-month closure rate also improved to 92%, just 5 percentage points shy of the target. The nearly 7% reduction in criminal cases handled by IIU in fiscal 2012 may have contributed to the improvements. According to the agency, the targeted closure rates continue to be missed due to the increasing complexity of cases and issues with staffing. Additional resources provided in fiscal 2014 and 2015 should resolve some of these issues. **IIU should discuss how the improvements in the closure rates were achieved in fiscal 2012 and the agency's plan for continued improvement.**

Commitment Unit

Maintaining the security of the offenders under the department's supervision is an integral part of the DPSCS mission. To that end, DPSCS tries to ensure that no sentenced inmate or pretrial detainee within a DPSCS facility is incorrectly released. The responsibility for meeting this goal falls within the Commitment Unit. **Exhibit 2** reveals that the number of incorrectly released offenders rose significantly in the past fiscal year, from one incorrect release in fiscal 2012, to 10 incorrect releases in fiscal 2013. DPSCS attributes the oversights to an increase in work volume and limited manpower. In addition, staff began maintaining both the

Exhibit 2
Erroneous Releases
Fiscal 2008-2013



Source: Department of Public Safety and Correctional Services

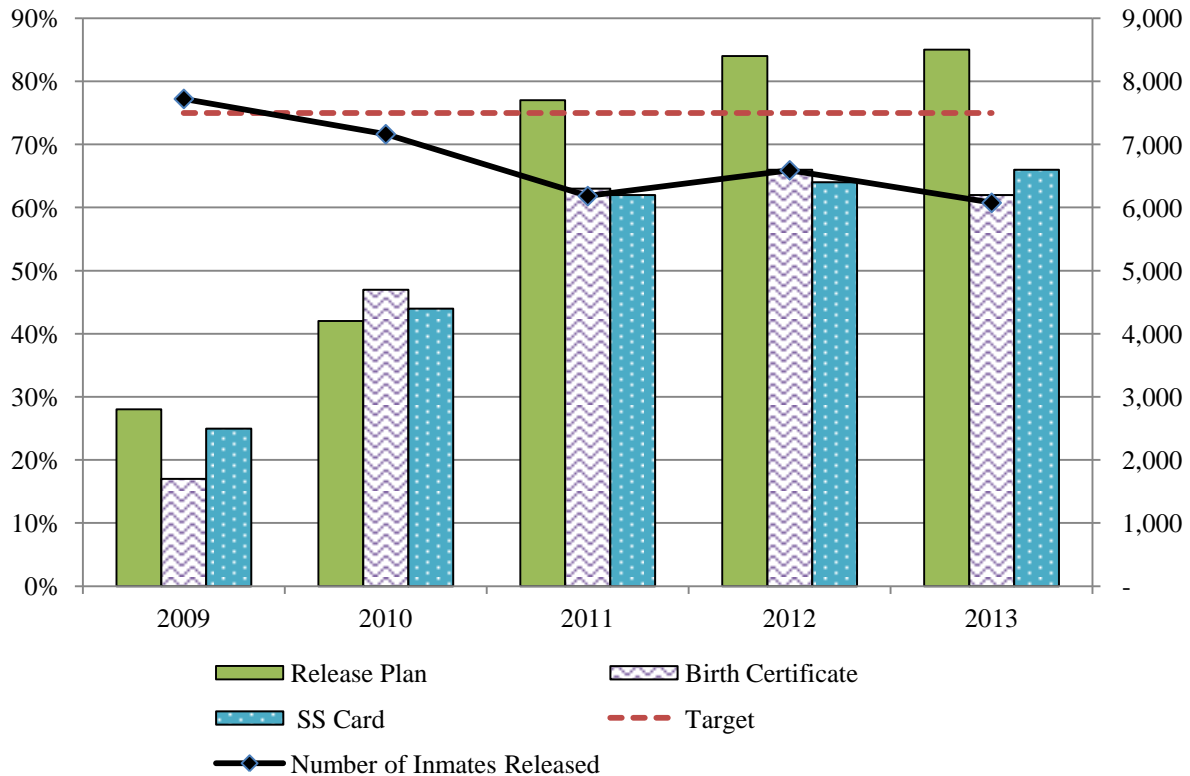
legacy and new offender databases, which increased processing time. **DPSCS should comment on whether all incorrectly released offenders have been returned to custody, the average time the offender spent in the community before being recaptured, and the steps taken to avoid similar mistakes in the future.**

2. Deputy Secretary for Operations

Transition Services

In its effort to provide a streamlined re-entry into the community, DPSCS aims to provide inmates with various transition services pre- and post-release. This includes the creation of a release plan and the provision of a birth certificate and Social Security card at the time of release. Having these materials can greatly assist in obtaining employment, housing, entitlement benefits, and other services. **Exhibit 3** shows the department's progress toward meeting its goal of providing 75% of released offenders with a release plan, birth certificate, and Social Security card prior to release. With regard to the release plans, DPSCS has exceeded the target for the past three fiscal years. The provision of birth certificates and Social Security cards, while having improved since fiscal 2009, continues to fall short of the goal. It is worth noting that improvements in the provision of these transition services coincide with a reduction in the number of inmates released each year, perhaps making the workload more manageable.

**Exhibit 3
Transition Services
Fiscal 2009-2013**

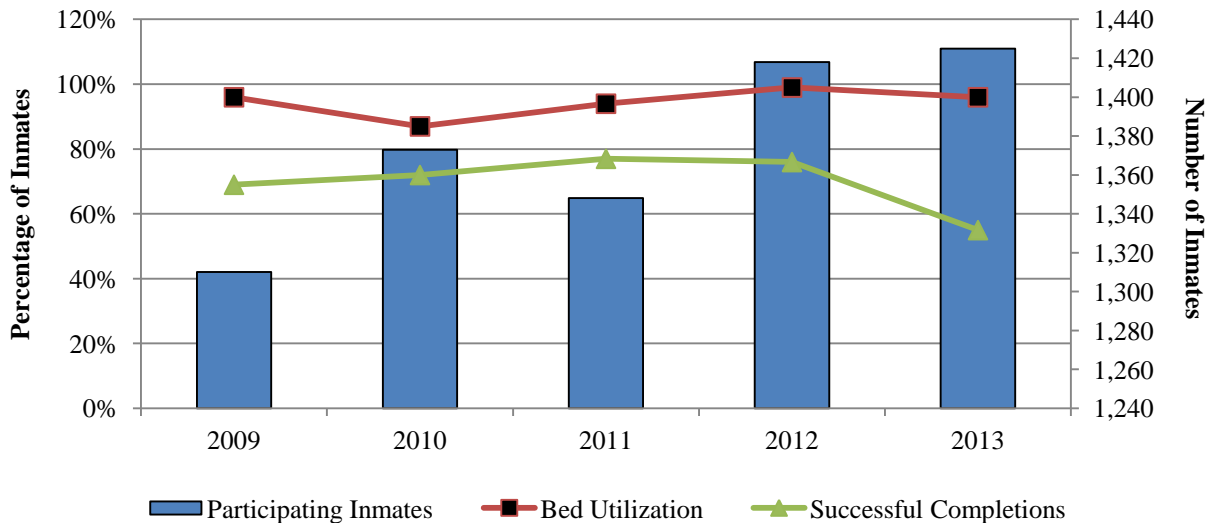


Source: Department of Public Safety and Correctional Services

Substance Abuse Treatment Services

DPSCS provides substance abuse treatment services via therapeutic communities at five facilities across the State. **Exhibit 4** shows the total number of participating inmates, bed utilization, and successful completions for those programs since fiscal 2009. In fiscal 2013, 1,425 inmates participated in a therapeutic community, which reflects a 96% utilization rate. This is the highest number of participating inmates in the past five fiscal years; however, fiscal 2013 was also the year with the lowest successful completion rate (55%). **DPSCS should discuss the reason for the low completion rate in fiscal 2013 and how this measure can be improved in the future.**

Exhibit 4
Department of Public Safety and Correctional Services
Substance Abuse Treatment Services
Fiscal 2009-2013

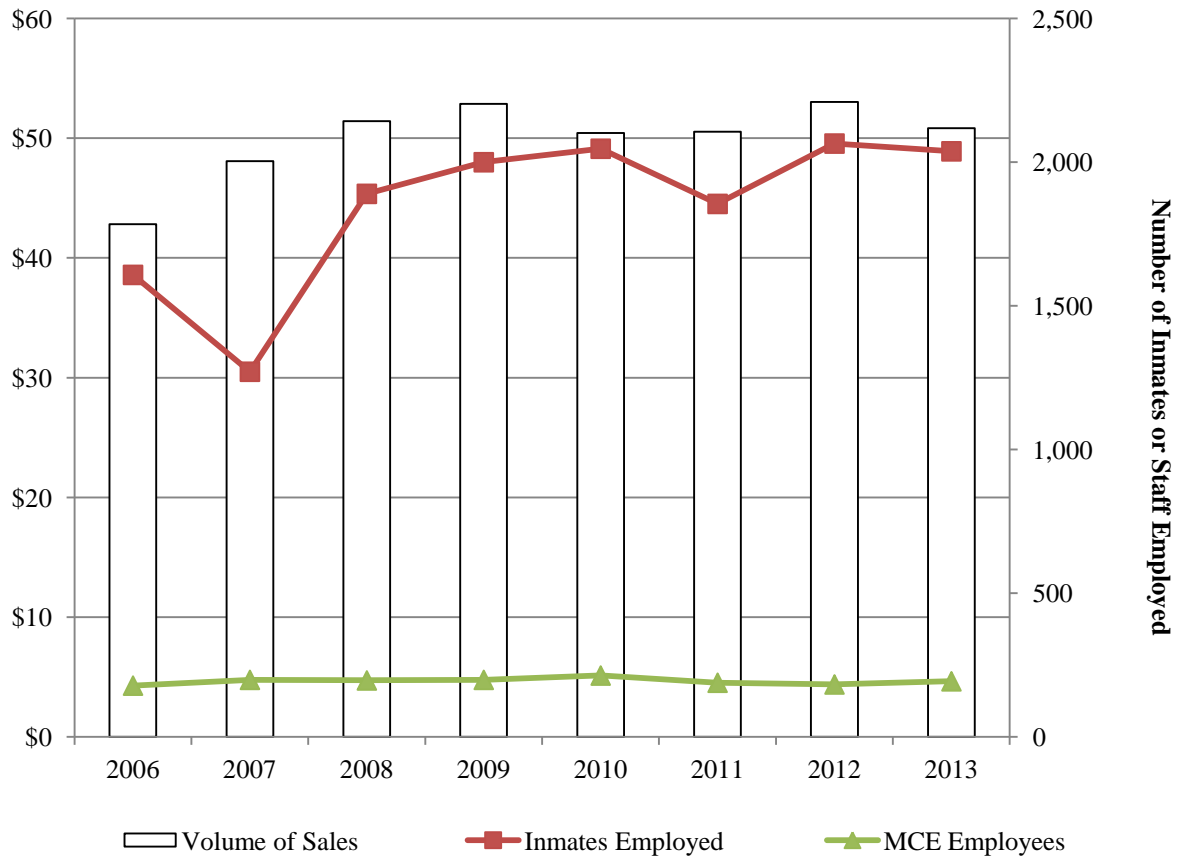


Source: Department of Public Safety and Correctional Services

3. Maryland Correctional Enterprises

MCE is the self-sufficient prison industry arm of the department. **Exhibit 5** highlights MCE sales and employment trends for the past five fiscal years. Since fiscal 2006, MCE annual sales have increased by \$8.0 million, or nearly 19%. Inmate employment has grown by more than 25%, adding 430 offenders over the eight-year period. MCE was able to employ more than 2,000 inmates for the second consecutive fiscal year, despite a \$2.2 million reduction in sales. Fiscal 2013 was the agency's sixth consecutive fiscal year with annual sales above \$50.0 million.

Exhibit 5
Maryland Correctional Enterprises
Sales and Employment Trends
Fiscal 2006-2013
(\$ in Millions)



Source: Department of Public Safety and Correctional Services

Fiscal 2014 Actions

Proposed Deficiency

The fiscal 2015 allowance includes approximately \$2.4 million in fiscal 2014 deficiency appropriations. The Office of the Secretary's General Administration Unit receives \$182,110 to

hire additional staff within the Employee Relations Unit. These positions will handle the increase in disciplinary cases related to the Correctional Officers' Bill of Rights (COBR).

DPSCS should provide data reflecting the increase in disciplinary cases since implementing the COBR as justification for the additional positions.

An additional \$472,788 in general funds is provided to offset the loss of reimbursable funds from the Capital Bond program for contractual employees within the Division of Capital Construction and Facilities Maintenance. The use of general obligation bonds for this purpose would be acceptable if the contractual employees were providing services tied to a specific project; however, it appears that this is not the case for all of the division's current contractual staff. As such, general funds are needed to support these employees.

The majority, nearly \$1.8 million, provides enhancements to IIU to address significant security issues at the Baltimore City Detention Center. The deficiency primarily includes funding for additional personnel, vehicles, training, and equipment. Approximately \$347,000 is provided to create a Polygraph Unit to conduct polygraph examinations of all correctional officer applicants. DPSCS reclassified 28 existing vacant positions in fiscal 2014 to enhance IIU investigations and expand IIU operations to include intelligence gathering responsibilities.

As discussed in the agency's performance measures, IIU struggles to meet its targeted case closure rates due to the complexity of cases and staffing issues. The expansion of the unit will allow for caseloads to be divided among a greater number of detectives and for ancillary duties to be completed by nonsworn support personnel. The agency will also be able to begin to increase proactive investigations as intelligence information is more readily available to them and more detectives are available on a daily basis for such missions. Additionally, the increased personnel will allow all detectives to participate in more training and improve their professional skills.

The enhancement also places IIU in charge of the department's intelligence operations. House Bill 174/Senate Bill 114 of 2014 proposes to implement this change in statute and rename the agency the Intelligence and Investigative Division. The increased personnel and resources appropriated in fiscal 2014 provide for the centralization of intelligence, more powerful analytic tools, and forensics-trained personnel. Nearly \$375,000 is provided to purchase a key word recognition system to allow for efficient monitoring of the inmate phone system and improve intelligence gathering by allowing IIU staff to search for specific words or phrases that are deemed a potential security threat. This system has an ongoing annual maintenance cost of \$125,000, which is reflected in the fiscal 2015 allowance.

With the restructuring, IIU hopes to improve its ability to disseminate intelligence information critical to strategic planning related to security risks, threats to staff, corruption, gangs, and drug trafficking. IIU has developed a new risk assessment aimed at disseminating information related to potential threats. The reclassified positions include the creation of Regional Intel Coordinators, which also help to improve communication throughout the department and align staff resources with workflow requirements.

Cost Containment

Cost containment actions reduce the fiscal 2014 working appropriation for Administration units by \$2.4 million in general funds. This includes:

- \$1.0 million reduction for Public Safety Death Benefits, as fewer claims are being made due to less overseas military action, and prior year funding has been accrued for this purpose;
- \$325,000 for telecommunications charges for data lines based on prior year actual expenditures;
- \$250,000 for motor vehicle purchases; and
- \$855,753 in personnel expenses restricted by the General Assembly in the fiscal 2014 budget for the sole purpose of hiring additional correctional officers to reduce overtime expenditures.

The personnel funds are restored in the fiscal 2015 allowance. All other cost containment actions are ongoing reductions.

There are also three across-the-board withdrawn appropriations that offset the increase in deficiency appropriations. These include reductions to employee/retiree health insurance, funding for a new Statewide Personnel information technology system, and retirement reinvestment. These actions are fully explained in the analyses of the Department of Budget and Management (DBM) – Personnel, Department of Information Technology, and the State Retirement Agency, respectively.

Proposed Budget

As seen in **Exhibit 6**, the Governor's fiscal 2015 allowance for the DPSCS Administration increases by \$8 million, or 3%, once the previously discussed across-the-board reductions and other cost containment actions have been taken into account.

Exhibit 6 Proposed Budget DPSCS Administration (\$ in Thousands)

How Much It Grows:	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimbursable Fund</u>	<u>Total</u>
2014 Working Appropriation	\$140,453	\$122,420	\$726	\$2,285	\$265,885
2015 Allowance	<u>149,101</u>	<u>122,007</u>	<u>586</u>	<u>2,226</u>	<u>273,920</u>
Amount Change	\$8,648	-\$413	-\$140	-\$60	\$8,035
Percent Change	6.2%	-0.3%	-19.3%	-2.6%	3.0%

Where It Goes:

Personnel Expenses

Annualization of general salary increase and increments	\$3,050
New positions.....	545
Employee increments.....	1,252
Employee and retiree health insurance.....	-897
Employee retirement system.....	286
Workers' compensation premium assessment	66
Turnover adjustments/other adjustments	3,664

Office of the Secretary

Department of Budget and Management paid telecommunications.....	-559
Department of Information Technology services allocation.....	-451
Public safety death benefits.....	-250
Emergency Number Systems Board pass-through funding to counties	2,000
Statewide personnel system allocation.....	892
Upgrade of security cameras at North Baltimore Correctional Institution and Jessup Correctional Institution	788
Maryland Correctional Enterprises major information technology project	550
Community mediation re-entry program.....	150
Internal Investigative Unit key word recognition software.....	125

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Where It Goes:

Deputy Secretary for Operations

Reduction in drug treatment contracts	-853
Consolidation of ammunition funding throughout the department	433
Pilot program to provide 25 young offenders with job services	367
Expansion of Canine Unit (nonpersonnel costs)	200

Maryland Correctional Enterprises

Supply and material purchases	-2,165
Equipment purchases	-854
Inmate payments	-235
Other changes	-69

Total	\$8,035
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Note: The fiscal 2014 working appropriation reflects negative deficiencies and contingent reductions. The fiscal 2015 allowance reflects back of the bill and contingent reductions. Numbers may not sum to total due to rounding.

Personnel expenses increase by a net of nearly \$8 million. Approximately \$545,000 is provided to add 9 regular positions to the agency's personnel complement. This includes the contractual conversion of 2 administrative positions within the Central Hiring Unit to assist with employee recruitment, examinations, and background checks. Seven positions are provided for the expansion of the department's Canine Unit, which will assist with controlling the entrance of contraband into the correctional facilities, in lieu of using full body scanners.

The agency receives an additional \$1.3 million for employee increments and \$6.1 million for employee turnover. A portion of this increase is a budgeting error, due to the overstatement of salaries and turnover in fiscal 2014, resulting from the annualization of the 3% employee cost-of-living adjustment, which was actually only effective for six months. The remainder of the increase is to provide turnover relief to allow the department to fill existing vacancies. Administration units currently have 109 vacant positions beyond what is needed to meet the 4.23% budgeted turnover for fiscal 2015. At least 30 of the vacancies are associated with the reclassification of existing vacancies within DPSCS Operations to enhance IIU and assist with hiring and background checks. The positions were transferred in the fiscal 2014 working appropriation, but the funding necessary to fill the vacancies is provided via the fiscal 2014 deficiency appropriation.

DPSCS should explain the remaining 79 vacancies and its plan to fill the positions with the additional resources provided in fiscal 2015.

Outside of personnel expenses, notable actions within the units of the Office of the Secretary provide \$3.2 million in additional funding. Reductions for phone lines, Department of Information Technology (DoIT) services, and Public Safety Death Benefits total \$1.3 million. There is no fiscal 2015 appropriation for Public Safety Death Benefits. DPSCS has a prior year

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accrual of \$1.6 million, which should be sufficient to cover any claims. It is anticipated that the total number of claims will decline, as overseas military action is decreasing.

Offsetting these reductions is a \$2 million increase in special funds within the Emergency Number Systems Board. These additional 9-1-1 fee revenues are passed on to local jurisdictions to support 9-1-1 call center activities and operations. The additional revenue is available because 9-1-1 fees are now assessed to prepaid wireless devices. Approximately \$788,000 is included to provide security camera upgrades at North Branch and Jessup Correctional Institutions. These systems are outdated and currently have limited recording capabilities. North Branch is the only maximum security facility in the State.

The fiscal 2015 allowance for the Office of the Secretary includes \$150,000 in general funds to support a community mediation re-entry program. This program partners DPSCS with Community Mediation Maryland to provide inmates with the chance to mediate with family members before release to address conflicts and collaboratively plan for transition to the community. An existing study on the use of mediation among Maryland's inmate population has shown that participation in at least 1 mediation session reduces the probability of being arrested again by 10 percentage points. This study, however, had a number of limitations, including the potential for selection bias by offenders choosing to participate in mediation and a low number of participants included in the evaluation. The resources provided in the allowance would support the operation of re-entry mediation centers in Washington County and Baltimore City. DPSCS estimates that 600 mediation sessions would be provided for approximately 400 inmates located at the facilities in Hagerstown and Baltimore City.

This is a new initiative funded in fiscal 2015; prior mediation services have not been funded by DPSCS. Although participation may reduce the probability of being re-arrested, the evaluation also revealed that mediation has no impact on the likelihood of being re-convicted or re-incarcerated. **The Department of Legislative Services (DLS) recommends funding for the program be limited to one location and that DPSCS submit a report on the implementation and outcomes of the program. If the program is successful, additional funding may be considered for an expansion in fiscal 2016.**

Notable actions within the Deputy Secretary for Operations office provide a net increase of \$147,000. The allowance includes a net decrease of \$853,000 for substance abuse treatment contracts. Approximately \$675,000 of this decrease reflects the transfer of funding for Chrysalis House to the Mental Health Administration within the Department of Health and Mental Hygiene (DHMH). Chrysalis House acts as a diversion program, providing halfway house services to pregnant female offenders who might otherwise become a part of the correctional system. Historically, DPSCS paid DHMH for the operation of Chrysalis House via reimbursable funds. Beginning in fiscal 2015, funding will reside solely within the DHMH budget. The remainder of the decrease is based on prior year actual expenditures.

Offsetting this reduction is \$367,000 in new funding to implement a pilot program for community-based treatment of approximately 25 at-risk youth in Baltimore City who have prior involvement with the juvenile justice system and are at high risk of incarceration when they

become adults. According to DPSCS, the program is designed to address the gap in services between youth who are supervised by the Department of Juvenile Services (DJS) but “age-out” of DJS supervision before the completion of services. This program is intended to be modeled after the Roca program in Massachusetts, but DPSCS has yet to begin procurement for the services.

DPSCS should provide more information on the services that will be provided, how participants will be selected, how the program’s cost estimate was developed, and how the effectiveness will be evaluated.

The allowance also includes a \$200,000 increase in nonpersonnel costs for the expansion of the department’s Canine Unit. The entire expansion includes the addition of 7.0 regular positions and six additional dogs. This will allow the Canine Unit to perform approximately 14,000 additional scans to address the volume of contraband being introduced at State correctional and pretrial facilities. This expansion of the Canine Unit will provide 24-hour round-the-clock coverage at the Central Region facilities, in addition to increasing response times to facilities in the eastern and western parts of the State.

In anticipation of a reduction in sales in comparison to fiscal 2014, MCE supply and material purchases decline by \$2.2 million. Equipment purchases and inmate payments decline by \$854,000 and \$235,000, respectively. There is no actual decrease in the number of inmates employed. Funding in the fiscal 2015 allowance and sales projections are better aligned with fiscal 2013 actual activities. It is worth noting that there is a \$550,000 increase to continue funding a new Enterprise Resource Program to help manage MCE’s financial and operational needs. DoIT has approved this project and is monitoring the progress.

Cost Containment

There is one across-the-board reduction and one contingent reduction reflected in the Governor’s spending plan for the fiscal 2015 allowance. This affects funding for employee/retiree health insurance and retirement reinvestment. These actions are fully explained in the analyses of DBM – Personnel and the State Retirement Agency.

Issues

1. Procurement of a New Inmate Pharmacy Contract

Inmate medical expenses increase by \$10.9 million in the fiscal 2015 allowance, absent any deficiency appropriations. Once the deficiencies are accounted for, the allowance actually decreases by \$926,000. Inmate medical spending in both fiscal 2014 and 2015 reflects a 5.0% increase over fiscal 2013 actual expenditures. This growth is, in part, due to inflationary increases and a higher inmate population but also reflects additional funding needed specifically for the inmate pharmacy contract. Approximately \$5.6 million of the \$30.5 million in deficiencies is for this purpose.

DPSCS has been engaged in an extraordinarily lengthy procurement for a new inmate pharmacy contract. The initial term of the existing contract with Correct Rx, a Maryland-based institutional pharmaceutical provider, was June 30, 2005, through June 30, 2007, with three one-year renewal options. In December 2011, DPSCS recommended award of the contract to an out-of-state vendor in the face of a protest from the current vendor. The recommendation was denied by the Board of Public Works, and in January 2013, the Board of Contract Appeals denied the department's motion for reconsideration.

The fiscal 2014 appropriation for inmate pharmacy services was budgeted, in part, based on awarding a new contract for less cost. DPSCS has been granted multiple contract extensions, with the current contract set to expire in June 2014. As such, deficiency funding is needed in fiscal 2014 to fund the contract at current levels. The department also has the option of exercising two three-month renewals, which would extend the contract through the end of calendar 2014.

DPSCS has regained responsibility for procuring a new pharmacy contract, which had been assumed by DBM after experiencing so many delays and missteps with the original procurement. The department anticipates releasing the Pharmacy Request for Proposals in March 2014. It is anticipated that the new contract will be awarded by the time the current contract expires in December 2014.

DPSCS should discuss how the department will ensure that the issues surrounding the original procurement have been resolved and will not be repeated.

2. Effectiveness of the Public Safety Compact

Fiscal 2014 budget bill language required the department to conduct an evaluation of its Public Safety Compact (PSC). The PSC is an initiative to safely return ex-offenders from Baltimore City to their communities via effective in-prison substance abuse treatment, followed by community-based re-entry services. The project was implemented in late 2009, with the first inmate released through the program in March 2010. The original PSC agreement lasted for

five years, with an end date in December 2013. In November 2013, DPSCS secured an extension of the contract through June 2014. To date, 356 offenders have participated in the PSC and been released.

Savings for the State are generated by shortening the offenders' time in prison and potentially reducing the recidivism among participants. The calculated savings, net project costs, are identified by DPSCS, verified by DBM, and then 40% is retained by the State, and 60% is returned to the Family League of Baltimore City (FLBC) for investments to expand treatment and re-entry services. Offenders are tracked for a minimum of three years to determine the recidivism rate. Fiscal 2013 was the first year of calculated savings. An \$891,695 general fund deficiency appropriation was included in the fiscal 2014 operating budget for the 60% owed to FLBC in fiscal 2013. An additional \$850,000 was also included for the program's fiscal 2014 payment, with a portion restricted pending an evaluation of the program's effectiveness. The restricted funds were released in November 2013. Funds included in the fiscal 2015 allowance match the fiscal 2014 appropriation.

Evaluation Findings

A study of the participants versus a comparison group found that the PSC participants were, on average, 40 years old, with the majority being male (95%), African American/Hispanic (90%), and Caucasian (10%). In addition, the PSC participants most commonly had committed crimes against persons as their primary offense and had been criminally involved for more than 17 years. These individuals had an average of 18 arrests, 9 prior convictions, and an average conviction rate of 50% overall. They had an average of 41 charges in their criminal careers, with 30% of the charges resulting in conviction. The average time imposed was 22.7 years, serving an average of nearly seven sentences.

The following key findings were identified by the researcher:

- PSC participation reduced the probability of an individual being arrested. The likelihood that a PSC participant would be arrested was 17%, compared with 61% for the comparison group;
- PSC participation reduced the probability that an individual would be convicted post-release. The probability of conviction for the PSC participants was 33%, versus 61% for the comparison group;
- There was no significant difference between the groups regarding the probability of being reincarcerated for a new offense; and
- PSC participation increased the length of time before re-arrest. The PSC participants were in the community for an average of 714 days before being re-arrested, compared to 551 days for the comparison group.

Conclusion

Overall, the evaluation does show some benefit to the department in improved recidivism by way of reducing the size of the population being considered for re-incarceration. If fewer offenders are being arrested or convicted post-release, the potential population that could return to the state correctional system is smaller. This potentially reduces the size of the inmate population, even if there is no difference in the re-incarceration rate once convicted. Continued tracking of the participants' recidivism, in addition to an evaluation of outcome measures relating to the impact of the program on participants' employment, family status, and/or successful substance abuse treatment, would provide beneficial.

DPSCS should discuss whether this program will be continued beyond the end of fiscal 2014, and whether the impact on the population warrants an expansion of the program.

DLS recommends that DPSCS submit a follow-up report providing continued recidivism data and a cost-benefit analysis of the program, in addition to exploring other outcome measures for the PSC participants relating to their employment, family status, and/or successful substance abuse treatment.

Recommended Actions

- | | <u>Amount
Reduction</u> | |
|---|------------------------------------|----|
| 1. Reduce funding for a new community mediation re-entry initiative. This initiative is in the early stages of development and has not been demonstrated to have an effective impact on Maryland's re-conviction or re-incarceration rates. This action reduces funding to limit implementation of the initiative to one site. If the program is shown to be successful, additional funds may be considered for expansion in fiscal 2016. | \$ 75,000 | GF |
| 2. Add the following language to the general fund appropriation: | | |
| <p><u>, provided that \$100,000 of this appropriation may not be expended until the Department of Public Safety and Correctional Services submits a report to the budget committees providing continued recidivism data and a cost-benefit analysis of the Public Safety Compact (PSC). The report should also explore other outcome measures for PSC participants relating to their family, substance abuse, and employment status. The report shall be submitted by September 15, 2014, and the budget committees shall have 45 days to review and comment. Funds restricted pending receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted to the budget committees.</u></p> | | |

Explanation: The Department of Public Safety and Correctional Services (DPSCS) has been engaged in the Public Safety Compact (PSC) for nearly five years. A preliminary analysis of PSC participants reveals positive outcomes with regard to recidivism. As the department considers whether to continue providing these services under the existing model, it would be beneficial to continue to monitor recidivism outcomes and have a better understanding of how participation might impact other social factors. A cost-benefit analysis would also provide valuable assessment of the program from a fiscal perspective.

Information Request	Author	Due Date
Public Safety Compact	DPSCS	September 15, 2014

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

Further provided that \$100,000 of this appropriation may not be expended until the Department of Public Safety and Correctional Services submits a report to the budget

committees on the implementation of a re-entry mediation initiative and associated outcomes demonstrating the effectiveness of the program. The evaluation should improve on a previous study by utilizing a control group not participating in or volunteering to receive mediation services. The report shall be submitted by December 1, 2014, and the budget committees shall have 45 days to review and comment. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted to the budget committees.

Explanation: New funding was included in the fiscal 2015 allowance to support mediation services in two regions within the Department of Public Safety and Correctional Services (DPSCS). Prior studies on the impact of mediation services on Maryland's inmate population have shown only a positive impact on the likelihood of being re-arrested and have had significant limitations within the research model. This language restricts funds until DPSCS submits a new evaluation of the program that accounts for some of the limitations experienced in the previous study.

Information Request	Author	Due Date
Implementation and Outcomes of Re-entry Mediation	DPSCS	December 1, 2014

	<u>Amount Reduction</u>
4. Delete funding for a pilot program to provide community services for youthful offenders. This initiative has yet to be fully developed and limited information is available regarding the implementation plan or measureable outcomes.	366,804 GF
Total General Fund Reductions	\$ 441,804

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:		September 2014.		
Schedule Status:	The Offender Case Management System (OCMS) implementation has again been delayed due to issues with the production environment at the women’s facility. It is anticipated that OCMS will become the primary system by the end of March 2014. After successful implementation at the women’s facility, rollout will expand to the men’s facilities. Statewide deployment for the custodial function is scheduled to be complete by the third quarter of fiscal 2014.							
Cost Status:	No reported changes in the total cost; however, out-of-scope change notes in the amount of \$342,000 were incorrectly charged to the OCMS project budget, leaving insufficient funding to cover approved scope costs. It creates the potential need for a deficiency appropriation to restore the project funds.							
Scope Status:	The implementation of the project scope is complete, but additional work approved through change notes must also be completed prior to going live with the system.							
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	15,556.2	0.0	0.0	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	\$15,556.2	\$0.0	\$0.0	\$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 Maryland Correctional Enterprises – Enterprise Resource Program

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.							
Project Start Date:	July 2014.			Projected Completion Date:			Not known at this time.	
Schedule Status:	Planning phase activities are not completed. The Project Manager resigned and has not been replaced, potentially causing a delay in the submission of materials. The project schedule may need to be adjusted if the current timeline for release of the Task Order Request for Proposals is not met.							
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:	MCE has submitted its requirements analysis to the Department of Information Technology (DoIT) for review. Deficiencies were identified and DoIT is working with MCE to develop more detailed requirements, which will be incorporated into a subsequent TORFP, which is targeted for release by the end of September 2014.							
Project Management Oversight Status:	None.							
Identifiable Risks:	MCE is in the process of hiring a new project manager (PM) to complete the remaining SDLC phases, as the prior PM resigned. To the extent that it takes a while to find a suitable replacement, it could delay the project schedule. DoIT is working with MCE to identify a procurement strategy to address the risk.							
Additional Comments:								
Fiscal Year Funding (\$ in Thousands)	Prior Years	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	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	300.0	850.0	0.0	0.0	0.0	0.0	0.0	1,150.0
Other Expenditures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Funding	\$300.0	\$850.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$1,150.0

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 13 Actual</u>	<u>FY 14 Working Appropriation</u>	<u>FY 15 Allowance</u>	<u>FY 14 - FY 15 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	1,367.50	1,393.50	1,402.50	9.00	0.6%
02 Contractual	108.58	162.48	158.88	-3.60	-2.2%
Total Positions	1,476.08	1,555.98	1,561.38	5.40	0.3%
Objects					
01 Salaries and Wages	\$ 99,773,544	\$ 108,599,454	\$ 115,960,568	\$ 7,361,114	6.8%
02 Technical and Spec. Fees	4,447,278	5,255,558	5,535,244	279,686	5.3%
03 Communication	2,537,397	3,738,592	3,178,712	-559,880	-15.0%
04 Travel	340,776	338,600	345,750	7,150	2.1%
06 Fuel and Utilities	1,556,276	1,466,345	1,420,900	-45,445	-3.1%
07 Motor Vehicles	2,562,602	2,275,141	2,598,535	323,394	14.2%
08 Contractual Services	35,920,549	41,112,272	36,804,609	-4,307,663	-10.5%
09 Supplies and Materials	31,290,697	36,588,325	34,784,285	-1,804,040	-4.9%
10 Equipment – Replacement	8,955,300	5,204,381	5,516,265	311,884	6.0%
11 Equipment – Additional	1,086,741	791,613	651,064	-140,549	-17.8%
12 Grants, Subsidies, and Contributions	54,979,620	64,502,528	65,013,273	510,745	0.8%
13 Fixed Charges	2,945,515	3,264,695	3,612,786	348,091	10.7%
Total Objects	\$ 246,396,295	\$ 273,137,504	\$ 275,421,991	\$ 2,284,487	0.8%
Funds					
01 General Fund	\$ 133,823,284	\$ 147,705,986	\$ 150,294,913	\$ 2,588,927	1.8%
03 Special Fund	106,891,297	122,420,273	122,251,339	-168,934	-0.1%
05 Federal Fund	730,266	725,778	650,000	-75,778	-10.4%
09 Reimbursable Fund	4,951,448	2,285,467	2,225,739	-59,728	-2.6%
Total Funds	\$ 246,396,295	\$ 273,137,504	\$ 275,421,991	\$ 2,284,487	0.8%

Note: The fiscal 2014 appropriation does not include deficiencies. The fiscal 2015 allowance does not include contingent reductions.

**Fiscal Summary
DPSCS – Administration**

<u>Program/Unit</u>	<u>FY 13 Actual</u>	<u>FY 14 Wrk Approp</u>	<u>FY 15 Allowance</u>	<u>Change</u>	<u>FY 14 - FY 15 % Change</u>
01 General Administration	\$ 30,101,197	\$ 38,738,391	\$ 37,801,594	-\$ 936,797	-2.4%
02 Information Technology and Communications Division	38,260,839	38,601,517	35,905,310	-2,696,207	-7.0%
03 Internal Investigative Unit	2,780,219	2,823,141	5,355,445	2,532,304	89.7%
04 9-1-1 Emergency Number Systems	49,758,862	57,378,403	59,400,543	2,022,140	3.5%
06 Div. of Cap. Construction and Facilities Maint.	2,394,371	2,450,365	3,253,212	802,847	32.8%
07 Major Information Technology Development Projects	2,165,279	300,000	850,000	550,000	183.3%
01 General Administration	9,919,007	10,838,403	10,664,453	-173,950	-1.6%
02 Community Supervision Services	23,252,842	24,861,387	25,689,711	828,324	3.3%
03 Programs and Services	6,558,759	6,840,077	6,989,235	149,158	2.2%
04 Security Operations	30,601,724	31,512,022	33,672,010	2,159,988	6.9%
01 Maryland Correctional Enterprises	50,603,196	58,793,798	55,840,478	-2,953,320	-5.0%
Total Expenditures	\$ 246,396,295	\$ 273,137,504	\$ 275,421,991	\$ 2,284,487	0.8%
General Fund	\$ 133,823,284	\$ 147,705,986	\$ 150,294,913	\$ 2,588,927	1.8%
Special Fund	106,891,297	122,420,273	122,251,339	-168,934	-0.1%
Federal Fund	730,266	725,778	650,000	-75,778	-10.4%
Total Appropriations	\$ 241,444,847	\$ 270,852,037	\$ 273,196,252	\$ 2,344,215	0.9%
Reimbursable Fund	\$ 4,951,448	\$ 2,285,467	\$ 2,225,739	-\$ 59,728	-2.6%
Total Funds	\$ 246,396,295	\$ 273,137,504	\$ 275,421,991	\$ 2,284,487	0.8%

Note: The fiscal 2014 appropriation does not include deficiencies. The fiscal 2015 allowance does not include contingent reductions.

Q00A00 – DPSCS – Administration

Appendix 4