

Q00K00
Criminal Injuries Compensation Board
 Department of Public Safety and Correctional Services

Operating Budget Data

(\$ in Thousands)

	<u>FY 14</u> <u>Actual</u>	<u>FY 15</u> <u>Working</u>	<u>FY 16</u> <u>Allowance</u>	<u>FY 15-16</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
Special Fund	\$3,765	\$3,507	\$3,471	-\$36	-1.0%
Deficiencies and Reductions	0	0	-21	-21	
Adjusted Special Fund	\$3,765	\$3,507	\$3,450	-\$57	-1.6%
Federal Fund	2,774	1,500	1,700	200	13.3%
Adjusted Federal Fund	\$2,774	\$1,500	\$1,700	\$200	13.3%
Reimbursable Fund	40	32	41	9	27.3%
Adjusted Reimbursable Fund	\$40	\$32	\$41	\$9	27.3%
Adjusted Grand Total	\$6,579	\$5,040	\$5,191	\$152	3.0%

Note: The fiscal 2015 working appropriation reflects deficiencies and the Board of Public Works reductions to the extent that they can be identified by program. The fiscal 2016 allowance reflects back of the bill and contingent reductions to the extent that they can be identified by program.

- The fiscal 2016 allowance increases by a net of \$152,000, or 3.0%, compared to the fiscal 2015 working appropriation. Approximately two-thirds of the increase is attributable to growth in funding for awards made to victims of crime. The remaining increase is for personnel expenses.

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

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Personnel Data

	<u>FY 14 Actual</u>	<u>FY 15 Working</u>	<u>FY 16 Allowance</u>	<u>FY 15-16 Change</u>
Regular Positions	12.00	12.00	12.00	0.00
Contractual FTEs	<u>3.26</u>	<u>4.50</u>	<u>4.50</u>	<u>0.00</u>
Total Personnel	15.26	16.50	16.50	0.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	0.00	0.00%
Positions and Percentage Vacant as of 1/1/15	0.00	0.00%

- As of January 1, the Criminal Injuries Compensation Board (CICB) had no vacant positions, which meets the budgeted turnover rate of 0%.

Analysis in Brief

Major Trends

Processing Claims: After a period of receiving a declining number of claims each year, eligible claims received by CICB increased slightly in fiscal 2014. Despite implementing a stricter goal of resolving 75% of eligible claims within 120 days of determining eligibility, and the board’s difficulty meeting the previous goal, CICB’s fiscal 2014 performance exceeds the goal of 75% by 8 percentage points. Additionally, the average number of days to process a claim was significantly reduced for the second year in a row, falling within the statutory 90-day timeframe for the first time in at least a decade. CICB attributes the improved claims processing outcome measures to implementation of procedural changes to streamline the claims process.

Award Amounts: Over the past decade, the average award amount has generally increased. However, beginning in fiscal 2013, the average dollar value awarded per claim and the ratio of awards to claims both decreased significantly as a result of cost containment efforts.

Recommended Actions

1. Concur with Governor’s allowance.

Q00K00
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Department of Public Safety and Correctional Services

Operating Budget Analysis

Program Description

The Criminal Injuries Compensation Board (CICB) awards grants to innocent victims of crime who incur financial hardship as a result of crime. Awards may be made for lost wages, medical expenses, counseling, crime scene clean-up, and funeral expenses for victims of homicide. Grants may not exceed \$45,000, including any subsequent and supplemental awards, with the exception of victims suffering permanent total disability. After a disability-related claim of \$25,000 has been awarded to the victim, if the injury to the victim resulted in permanent total disability, the victim may request an additional award of up to \$25,000. Funding for these grants is generated by the State's Criminal Injuries Compensation Fund (CICF) from fees assessed by circuit and District courts. The CICF is also supplemented by federal funds.

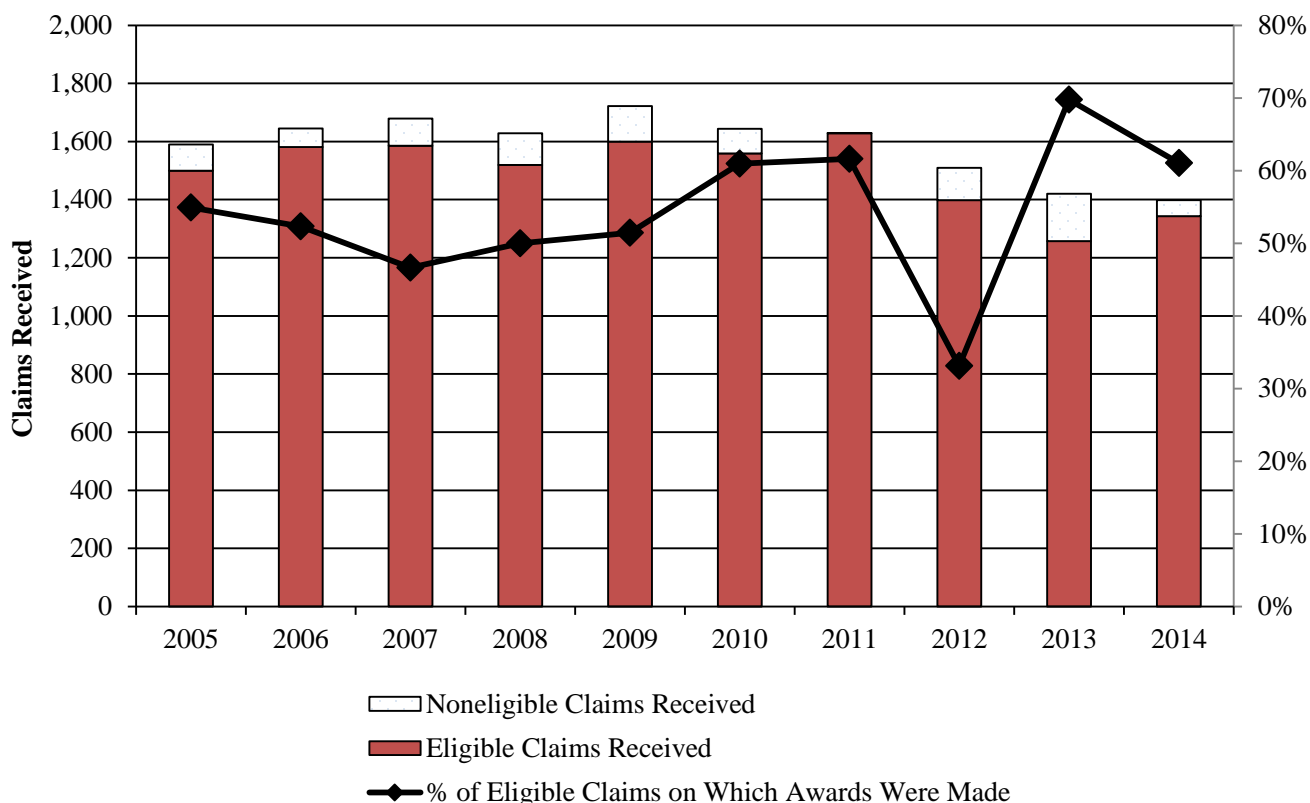
Performance Analysis: Managing for Results

1. Processing Claims

The mission of CICB is to alleviate the financial hardship suffered by innocent victims of crime and their families. As such, timely resolution of claims is a must. **Exhibit 1** reflects the number of eligible and noneligible claims received each year, as well as the percentage of eligible claims on which awards were made. In order to be eligible, claims must be made within three years of the crime (except in some cases of child abuse), the injury must have occurred in Maryland (except in some cases of international terrorism), and the claimant must have suffered a physical or psychological injury. After a period of a declining number of eligible claims received, in fiscal 2014, CICB saw an increase of 6.8%, or nearly 100 additional claims. Just over 96% of the total claims received in fiscal 2014 were deemed eligible, compared to 89.0% in fiscal 2013.

In order for payment to be made on an eligible claim, the crime must be reported to an authority, the claimant must have suffered financial loss of at least \$100, the crime must be reported within 48 hours (unless good cause is shown), the victim or claimant must cooperate with the authorities and CICB, the victim or claimant cannot have contributed to their victimization, and the victim or claimant must have exhausted all other sources for reimbursement. After reaching a low of making awards on only 33% of eligible claims in fiscal 2012, the percentage has nearly doubled to 64% in fiscal 2014. The decrease in fiscal 2012 is related to the CICB's exhaustion of its fund balance prior to 2011 and subsequent slowing of award payments in order to stay within budget. The increase in fiscal 2013 is reflective of CICB's increased ability to pay awards due to the implementation of internal controls to ensure accountability of funds and cost saving initiatives.

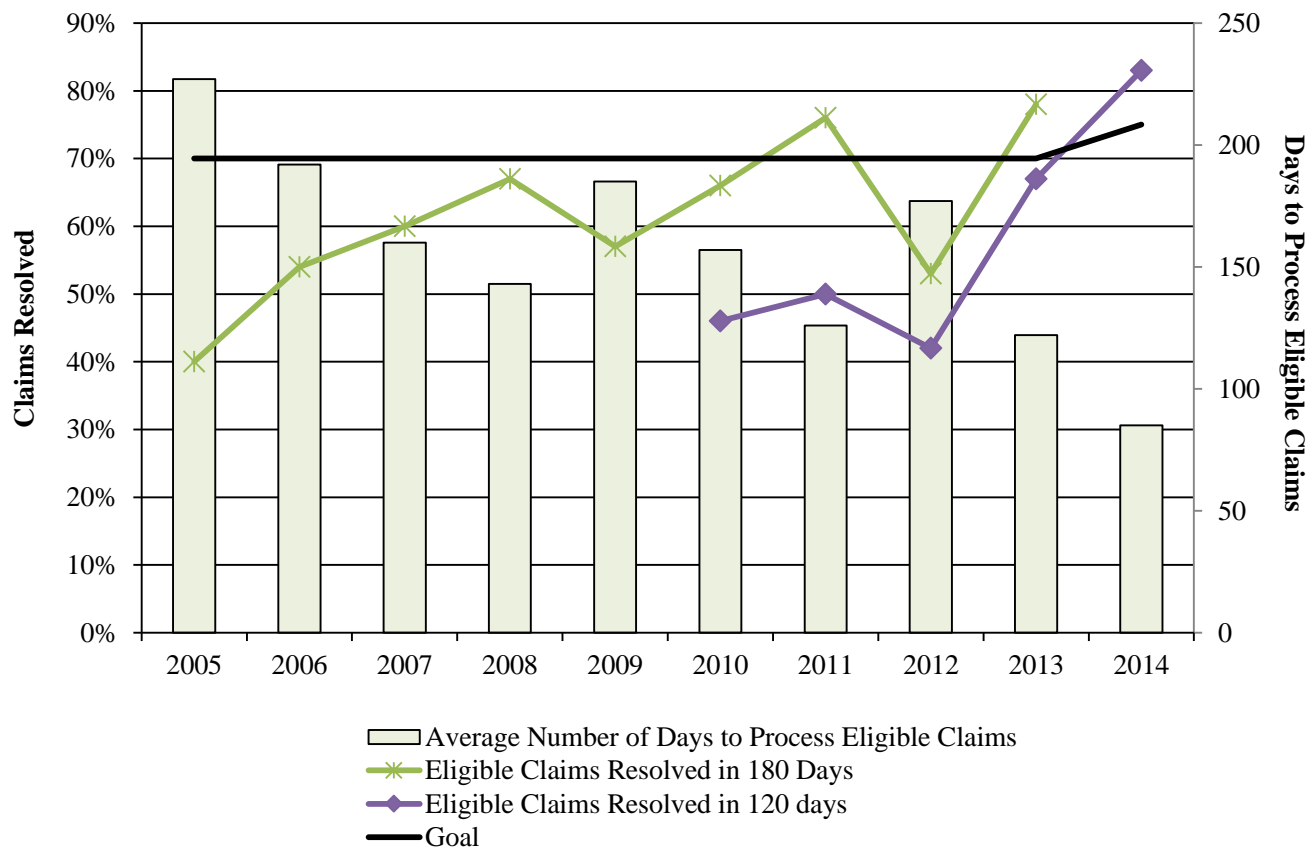
**Exhibit 1
Claims Received
Fiscal 2005-2014**



Source: Governor’s Budget Books, Fiscal 2007-2016

Exhibit 2 demonstrates the agency’s objective to resolve claims within a given timeframe. CICB’s current goal is to issue a final decision for at least 75% of eligible claims within 120 days of determining eligibility. Prior to fiscal 2014, the goal was to issue a final decision for at least 70% of eligible claims within 180 days of determining eligibility. Despite the stricter goal, and CICB’s difficulty meeting the previous goal, CICB’s fiscal 2014 performance exceeded the goal of 75% by 8 percentage points. Additionally, the average number of days to process a claim was significantly reduced for the second year in a row, falling within the statutory timeframe of 90 days for the first time in at least a decade. Beginning in fiscal 2013, CICB began making procedural changes in order to streamline the claims process, including the establishment of a new funeral and burial claims procedure, an improved process for identifying and reviewing delayed claims, and clarification and establishment of procedures related to “show cause orders.” Additionally, CICB instituted new performance measures to hold employees accountable for the processing of claims within statutory timeframes. CICB is incorporating the performance measures into employee evaluations beginning in fiscal 2015.

**Exhibit 2
Eligible Claims Processing
Fiscal 2005-2014**

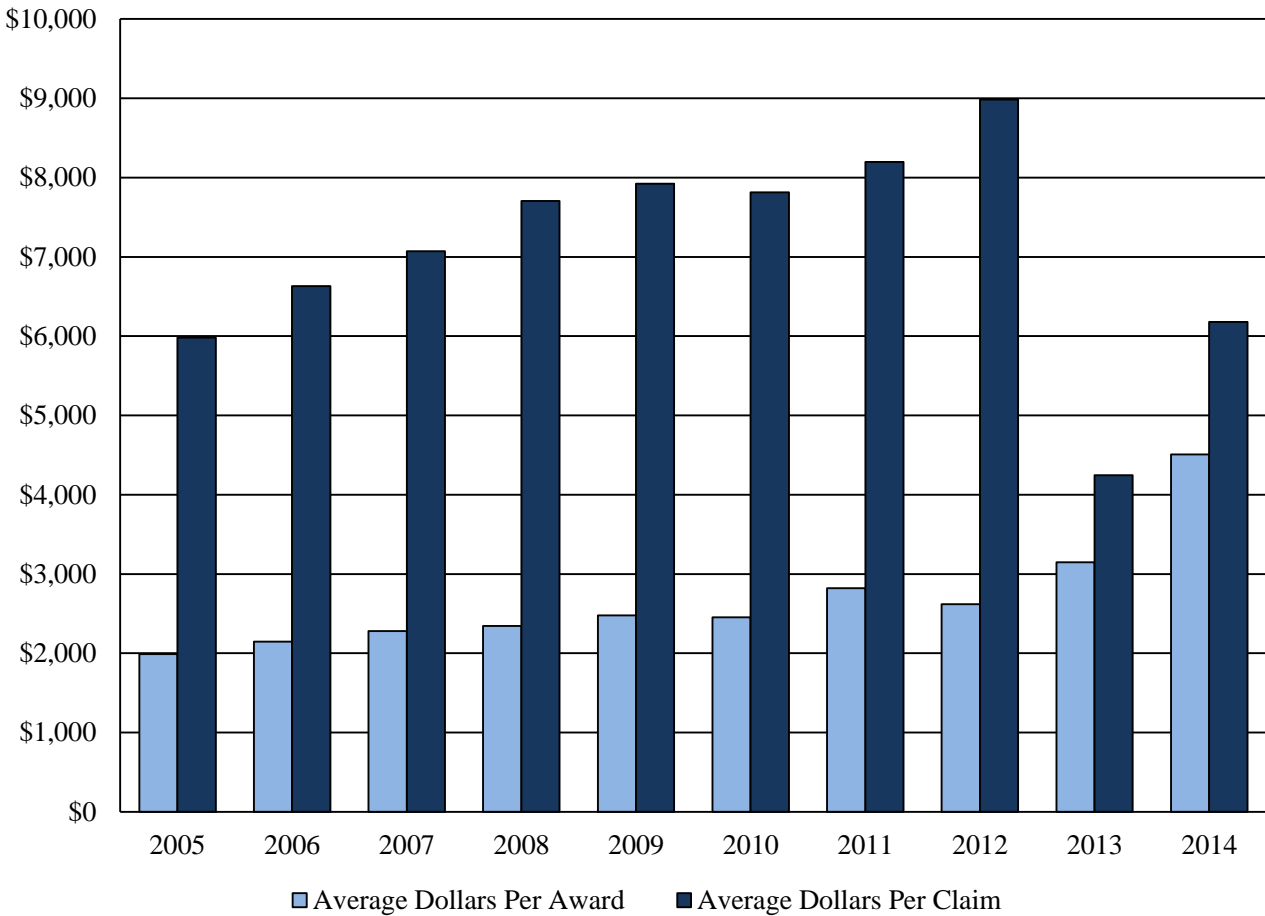


Source: Governor’s Budget Books, Fiscal 2007-2016

2. Award Amounts

Exhibit 3 shows the average dollar value of award amounts, as well as the total average dollar value awarded per claim. Prior to fiscal 2013, both amounts generally increased year to year. However, in fiscal 2013, the total average dollar value awarded per claim dropped significantly, from just under \$9,000 in fiscal 2012 to about \$4,250 in fiscal 2013. The average number of awards per claim fell from between 3.0 and 3.4 in fiscal 2005 through 2012, to 1.3 in fiscal 2013. The smaller ratio of awards to claims in fiscal 2013 and 2014 is the result of cost containment measures, including CICB’s efforts to negotiate medical bills with large providers and the agency’s stricter enforcement of its statutory role as payer of last resort. Although in the past most claims were paid as presented, the agency now requires stricter proof that other avenues of reimbursement have been pursued and denied before CICB processes a claim.

Exhibit 3
Average Award and Claim Amounts
Fiscal 2005-2014



Source: Governor’s Budget Books, Fiscal 2007-2016

Proposed Budget

As seen in **Exhibit 4**, the Governor’s allowance for CICB increases by \$152,000, or 3.0%, over the fiscal 2015 working appropriation. The increase is largely attributable to federal fund expenditures, which increase by 13.3% in the allowance, offset by a decrease of \$57,000 in special funds.

**Exhibit 4
Proposed Budget
DPSCS – Criminal Injuries Compensation Board
(\$ in Thousands)**

How Much It Grows:	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2014 Actual	\$3,765	\$2,774	\$40	\$6,579
Fiscal 2015 Working Appropriation	3,507	1,500	32	5,040
Fiscal 2016 Allowance	<u>3,450</u>	<u>1,700</u>	<u>41</u>	<u>5,191</u>
Fiscal 2015-2016 Amt. Change	-\$57	\$200	\$9	\$152
Fiscal 2015-2016 Percent Change	-1.6%	13.3%	27.3%	3.0%

Where It Goes:

Personnel Expenses

Increments and general salary increase annualization (prior to cost containment)	\$11
Section 20: abolition of prior year 2% general salary increase.....	-12
Section 21: abolition of employee increments.....	-9
Employee and retiree health insurance	38
Employee retirement system.....	9
Turnover.....	10
Other fringe benefit adjustments.....	-3

Other Changes

Awards made to victims of crime	100
Contractual full-time equivalents.....	7
Other	1

Total **\$152**

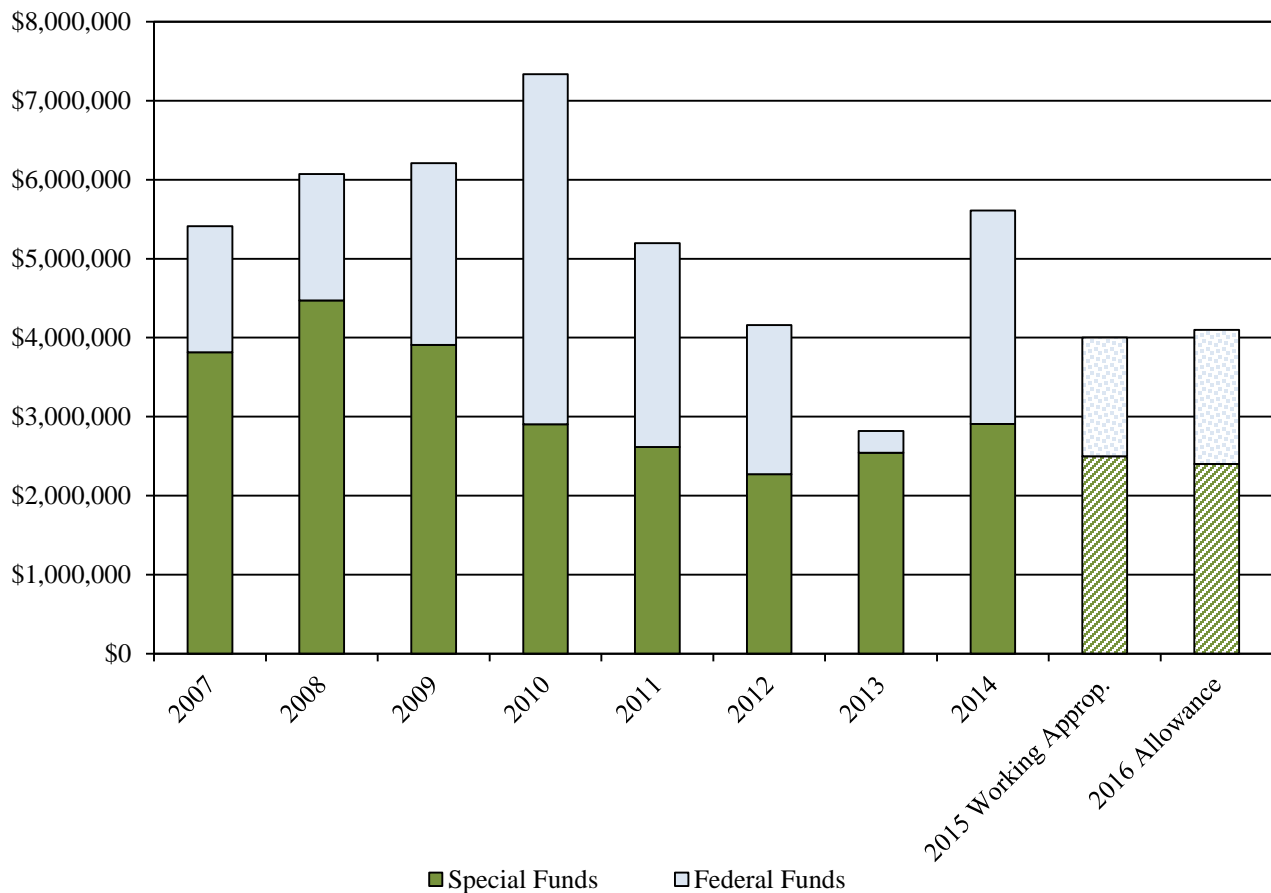
Note: Numbers may not sum to total due to rounding. The fiscal 2015 working appropriation reflects deficiencies and the Board of Public Works reductions to the extent that they can be identified by program. The fiscal 2016 allowance reflects back of the bill and contingent reductions to the extent that they can be identified by program.

When adjusted for contingent and back of the bill reductions, personnel expenses increase by a net \$44,000 in special funds. Health insurance and turnover account for the largest personnel increases, at \$38,000 and \$10,000, respectively. Employee pay decreases by \$9,000, as a result of the removal of the fiscal 2015 cost-of-living adjustment (COLA) and fiscal 2016 increments.

Q00K00 – DPSCS – Criminal Injuries Compensation Board

Aside from personnel expenses, the allowance for CICB increases by \$108,000 over the working appropriation. The single largest change is an additional \$100,000 for awards to victims of crime. Federal funds for awards to victims of crime increase by \$200,000 in the allowance, but this is offset by a decrease of \$100,000 in special funds for the same purpose. **Exhibit 5** shows the funding history for awards made to victims of crime since fiscal 2007. As a result of a number of operational improvements between fiscal 2002 and 2004, such as a new automated tracking system, increased staffing, and a more aggressive outreach effort, CICB increased the number of awards made to victims of crime and the amount of State funding used to support this growth. Funding for awards peaked in fiscal 2010 and has since declined significantly because the agency exhausted its available fund balance. Fiscal 2013 saw the lowest award expenditures in the past decade, as the agency was limited to providing compensation only within available annual revenues.

Exhibit 5
Awards Made to Victims of Crime
Fiscal 2007-2016



Source: Department of Legislative Services

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Annual special fund revenue from the CICF is approximately \$3.5 million. Compensation expenditures increased in fiscal 2014 and 2015 as a result of additional federal revenue. Since federal funding for awards is provided based on a percentage of prior year special fund expenditures, the decline in special fund spending between fiscal 2008 and 2012, after the fund balance had been exhausted, had a negative impact on federal revenue. With the exhaustion of the fund balance, special fund expenditures have stabilized at a slightly higher level than in fiscal 2012. As such, additional federal revenue was available in fiscal 2014. In fiscal 2015 and 2016, federal funding for awards made to victims of crime increases gradually, consistent with the prior year increase in special fund expenditures. Since CICB's fiscal 2015 and 2016 special funds budgeted for awards to crime victims are lower than in fiscal 2014, the State can expect a slightly lower level of federal funds for this purpose in fiscal 2017 and 2018.

CICB does not currently have a backlog in claims eligible for award. CICB is continuing to make the adjustments discussed in prior year analyses in order to ensure that adequate funding is available to cover all eligible claims. These include enforcing CICB's position as fund of last resort; denying all claims otherwise eligible for reimbursement from other sources; negotiating claims with large medical providers; and requiring that CICB medical claimants file for medical assistance, workers' compensation benefits, Social Security disability, and other appropriate reimbursement sources before being processed by CICB. The agency estimates that putting these practices in place has saved more than \$5.5 million since fiscal 2011.

Cost Containment

There are two across-the-board personnel reductions reflected in the Governor's spending plan for the fiscal 2016 allowance. These actions include the removal of the fiscal 2015 COLA and removal of fiscal 2016 increments. Combined, the two actions result in a reduction of \$20,564.

Recommended Actions

1. Concur with Governor's allowance.

Current and Prior Year Budgets

Current and Prior Year Budgets DPSCS – Criminal Injuries Compensation Board (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2014					
Legislative Appropriation	\$0	\$3,611	\$700	\$35	\$4,346
Deficiency Appropriation	0	-17	0	0	-17
Budget Amendments	0	262	2,080	17	2,359
Reversions and Cancellations	0	-91	-6	-12	-109
Actual Expenditures	\$0	\$3,765	\$2,774	\$40	\$6,579
Fiscal 2015					
Legislative Appropriation	\$0	\$3,501	\$1,500	\$32	\$5,033
Cost Containment	0	0	0	0	0
Budget Amendments	0	7	0	0	7
Working Appropriation	\$0	\$3,507	\$1,500	\$32	\$5,040

Note: Numbers may not sum to total due to rounding. The fiscal 2015 working appropriation does not include January 2015 Board of Public Works reductions and deficiencies.

Fiscal 2014

In fiscal 2014, the total budget for CICB increased by approximately \$2.2 million from the legislative appropriation. This is primarily the result of a federal fund budget amendment adding \$2.1 million for additional awards for victims as a result of the Crime Victim Compensation federal grant. The board also had three special fund amendments: two adding a total of nearly \$12,000 for the general salary increase and one adding \$250,000 for additional awards for crime victims as a result of additional revenue from the CICF. These amendments were offset by a special fund cancellation of \$91,411 at the close of fiscal 2014, primarily due to personnel vacancies.

Fiscal 2015

The CICB's fiscal 2015 working appropriation has increased by \$7,000 over the legislative appropriation as the result of one budget amendment allocating the COLA.

Audit Findings

Audit Period for Last Audit:	February 22, 2011 – April 1, 2014
Issue Date:	October 2014
Number of Findings:	1
Number of Repeat Findings:	0
% of Repeat Findings:	0%
Rating: (if applicable)	n/a

Finding 1: Award determinations were not always made timely.

**Object/Fund Difference Report
DPSCS – Criminal Injuries Compensation Board**

<u>Object/Fund</u>	<u>FY 14 Actual</u>	<u>FY 15 Working Appropriation</u>	<u>FY 16 Allowance</u>	<u>FY 15 - FY 16 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	12.00	12.00	12.00	0.00	0%
02 Contractual	3.26	4.50	4.50	0.00	0%
Total Positions	15.26	16.50	16.50	0.00	0%
Objects					
01 Salaries and Wages	\$ 742,941	\$ 798,806	\$ 863,278	\$ 64,472	8.1%
02 Technical and Spec. Fees	132,870	140,182	147,197	7,015	5.0%
03 Communication	11,972	13,350	11,745	-1,605	-12.0%
04 Travel	1,757	2,000	2,000	0	0%
06 Fuel and Utilities	5,846	6,400	6,021	-379	-5.9%
07 Motor Vehicles	63	0	0	0	0.0%
08 Contractual Services	31,043	35,800	36,000	200	0.6%
09 Supplies and Materials	7,542	6,000	7,500	1,500	25.0%
12 Grants, Subsidies, and Contributions	5,608,558	4,000,000	4,100,000	100,000	2.5%
13 Fixed Charges	36,277	37,074	38,291	1,217	3.3%
Total Objects	\$ 6,578,869	\$ 5,039,612	\$ 5,212,032	\$ 172,420	3.4%
Funds					
03 Special Fund	\$ 3,764,888	\$ 3,507,398	\$ 3,471,024	-\$ 36,374	-1.0%
05 Federal Fund	2,773,830	1,500,000	1,700,000	200,000	13.3%
09 Reimbursable Fund	40,151	32,214	41,008	8,794	27.3%
Total Funds	\$ 6,578,869	\$ 5,039,612	\$ 5,212,032	\$ 172,420	3.4%

Note: The fiscal 2015 working appropriation does not include January 2015 Board of Public Works reductions and deficiencies. The fiscal 2016 allowance does not reflect contingent or across-the-board reductions.