

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

Operating Budget Data

(\$ in Thousands)

	<u>FY 15</u> <u>Actual</u>	<u>FY 16</u> <u>Working</u>	<u>FY 17</u> <u>Allowance</u>	<u>FY 16-17</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
Special Fund	\$3,410	\$3,455	\$3,531	\$76	2.2%
Deficiencies and Reductions	0	0	-3	-3	
Adjusted Special Fund	\$3,410	\$3,455	\$3,528	\$73	2.1%
Federal Fund	1,139	1,700	1,700	0	
Adjusted Federal Fund	\$1,139	\$1,700	\$1,700	\$0	0.0%
Reimbursable Fund	29	41	23	-18	-44.8%
Adjusted Reimbursable Fund	\$29	\$41	\$23	-\$18	-44.8%
Adjusted Grand Total	\$4,578	\$5,196	\$5,251	\$54	1.0%

- The fiscal 2017 allowance increases by a net of \$54,000, or 1%, compared to the fiscal 2016 working appropriation. The growth is the result of an increase in funding for awards made to victims of crime, partially offset by decreases for personnel and contractual full-time equivalents (FTE).

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

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Personnel Data

	<u>FY 15 Actual</u>	<u>FY 16 Working</u>	<u>FY 17 Allowance</u>	<u>FY 16-17 Change</u>
Regular Positions	11.00	11.00	11.00	0.00
Contractual FTEs	<u>2.96</u>	<u>4.26</u>	<u>4.26</u>	<u>0.00</u>
Total Personnel	13.96	15.26	15.26	0.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	0.00	0.00%
Positions and Percentage Vacant as of 12/31/15	0.00	0.00%

- The allowance includes no changes for regular positions or contractual FTEs.

Analysis in Brief

Major Trends

Processing Claims: After a period of receiving a declining number of claims each year, the Criminal Injuries Compensation Board (CICB) received a slightly increased number of eligible claims in fiscal 2014 and 2015. Despite implementing a stricter goal of resolving 75% of eligible claims within 120 days of determining eligibility, CICB’s fiscal 2014 and 2015 claim processing performance has exceeded the goal of 75% by at least 8 percentage points each year. Additionally, the average number of days to process a claim was significantly reduced for the third year in a row.

Recommended Actions

1. Concur with Governor’s allowance.

Q00K00 – DPSCS – Criminal Injuries Compensation Board

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Criminal Injuries Compensation Board
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.

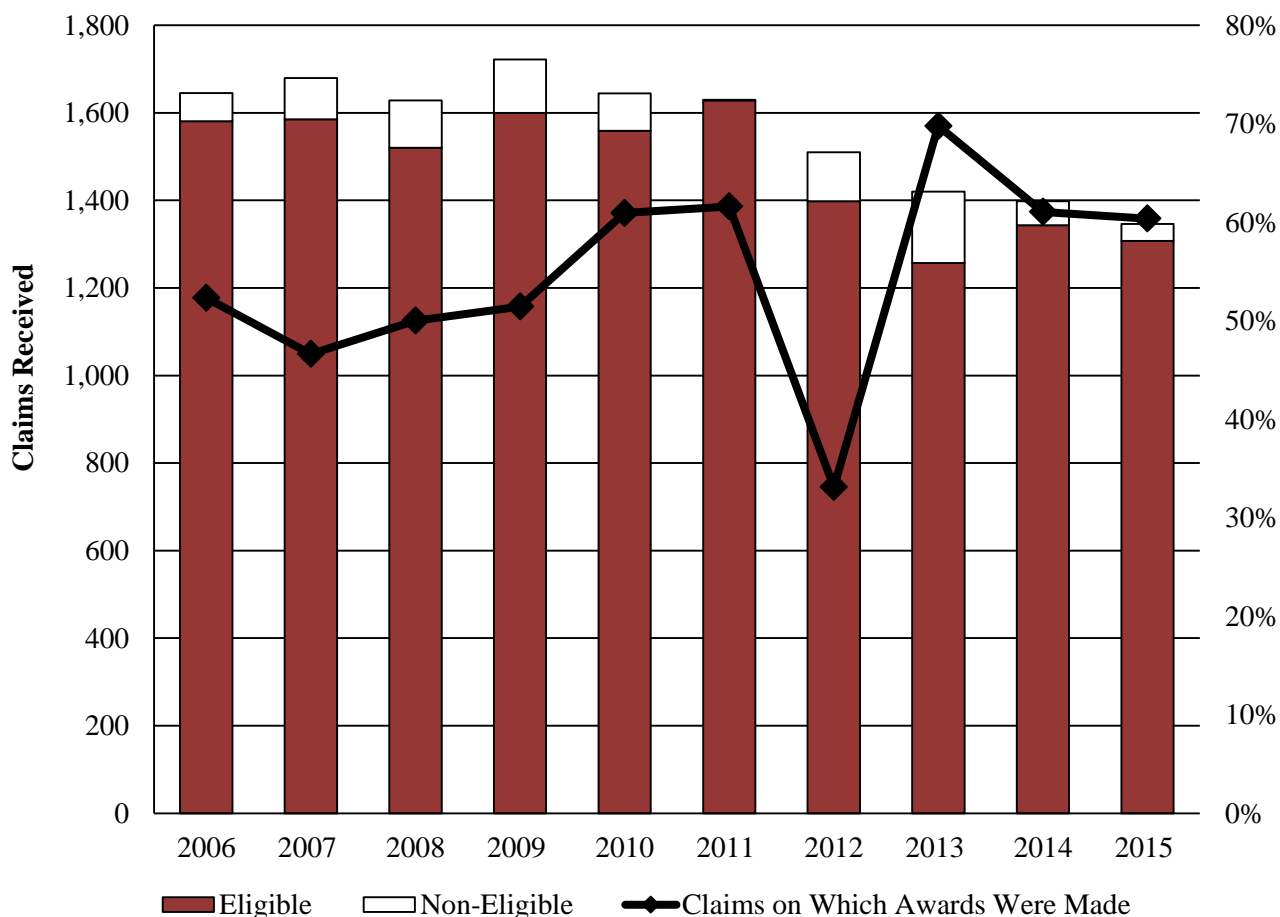
Performance Analysis: Managing for Results

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, CICB saw an increase of 6.8%, or nearly 100 additional claims in fiscal 2014. The number of eligible claims remained relatively stable in fiscal 2015, with a slight decrease from fiscal 2014. About 97% of the total claims received in fiscal 2015 were deemed eligible, a slightly larger proportion than the 96% in fiscal 2014.

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 more than doubled to 70% in fiscal 2013 and has since remained above 60%. The decrease in fiscal 2012 is related to the CICB's exhaustion of its fund balance prior to fiscal 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.

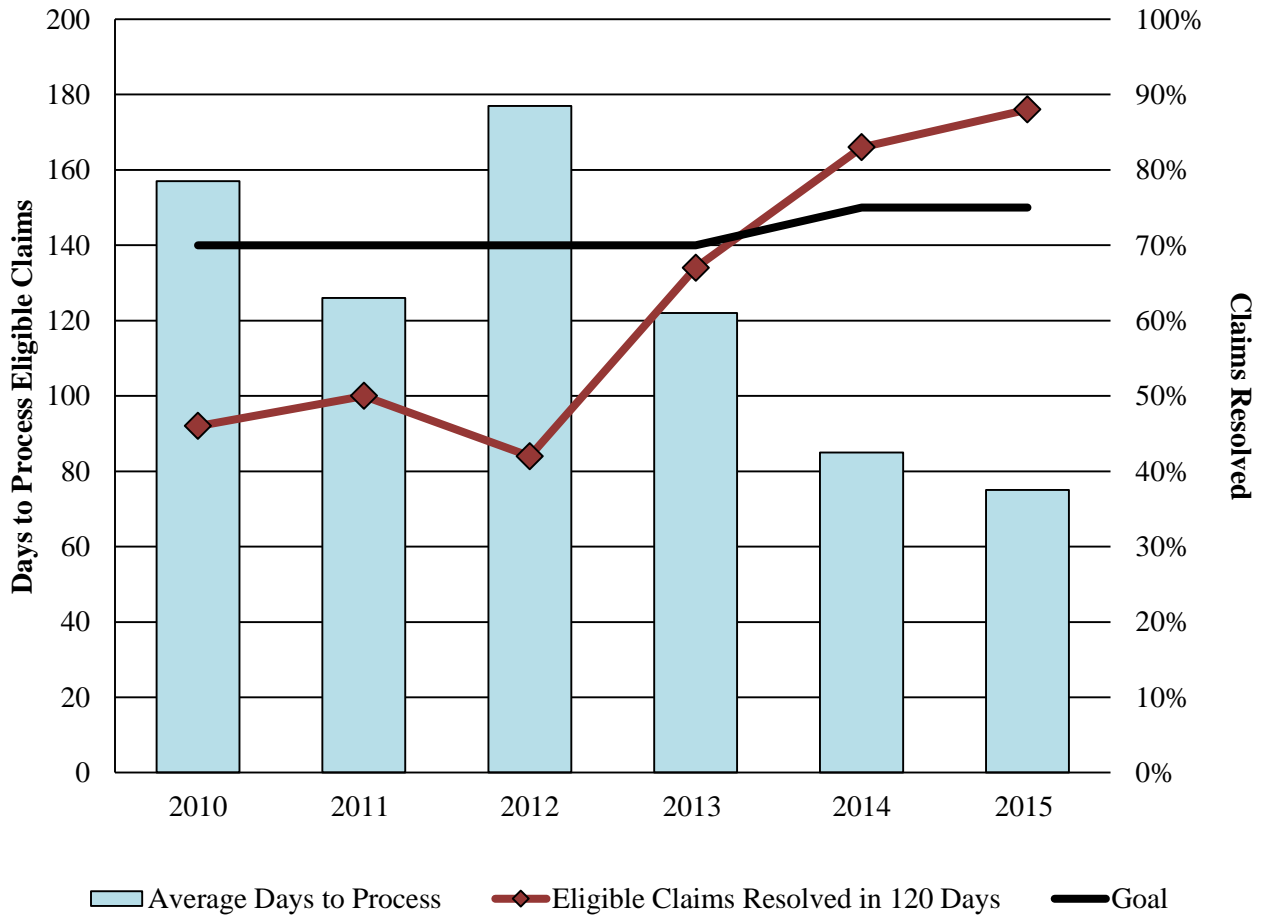
**Exhibit 1
Claims Received
Fiscal 2006-2015**



Source: Governor’s Budget Books, Fiscal 2006-2015

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 and 2015 performance exceeded the goal of 75% by at least 8 percentage points each year.

**Exhibit 2
Eligible Claims Processing
Fiscal 2010-2015**



Source: Governor’s Budget Books, Fiscal 2006-2015

The average number of days to process a claim was significantly reduced for the third year in a row, falling within the statutory timeframe of 90 days for the second time in the past 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.

Proposed Budget

As seen in **Exhibit 3**, the Governor’s allowance for CICB increases by \$54,000, or 1%, over the fiscal 2016 working appropriation. The increase is attributable to an increase in special funds, partially offset by a reduction in reimbursable funds.

**Exhibit 3
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 2015 Actual	\$3,410	\$1,139	\$29	\$4,578
Fiscal 2016 Working Appropriation	3,455	1,700	41	5,196
Fiscal 2017 Allowance	<u>3,528</u>	<u>1,700</u>	<u>23</u>	<u>5,251</u>
Fiscal 2016-2017 Amount Change	\$73	\$0	-\$18	\$54
Fiscal 2016-2017 Percent Change	2.1%		-44.8%	1.0%

Where It Goes:

Personnel Expenses

Employee retirement system	\$16
Employee and retiree health insurance	5
Turnover adjustments	-32
Other fringe benefit adjustments	-1

Other Changes

Awards made to victims of crime	100
Contractual full-time equivalents	-33
Other	-1

Total **\$54**

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

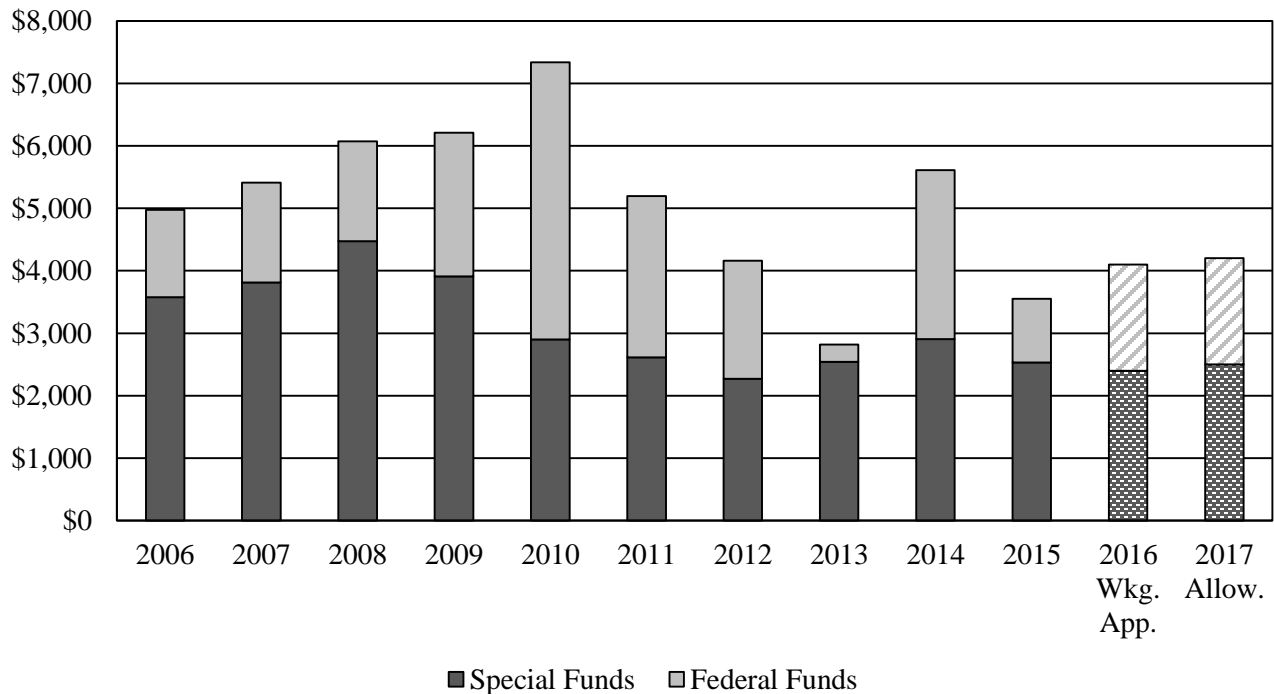
When adjusted for back of the bill sections, personnel expenses decrease by a net \$12,000 in special funds. Employee retirement and health insurance increase by \$16,000 and \$5,000, respectively. However, this growth is more than offset by a reduction of \$32,000 for the turnover adjustment. The allowance for the Department of Budget and Management also includes funding for employee

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increments. A special fund amount of \$12,454 will be transferred by budget amendment to CICB to allocate funding for increments.

Aside from personnel expenses, the allowance for CICB increases by \$66,000 over the working appropriation. The single largest change is an additional \$100,000 in special funds for awards to victims of crime. The federal fund award level remains unchanged between the working appropriation and the allowance. **Exhibit 4** shows the funding history for awards made to victims of crime since fiscal 2006. 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 4
Awards Made to Victims of Crime
Fiscal 2006-2017
(\$ in Thousands)



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 increased gradually, consistent with the prior year increase in special fund expenditures. Since CICB's 2017 special fund allowance for awards to crime victims is slightly higher than in fiscal 2014 and 2015, the State can expect a slightly higher level of federal funds for this purpose in fiscal 2019.

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 the 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.

Across-the-board Reductions

The fiscal 2017 budget bill includes an across-the-board reduction for employee health insurance, based on a revised estimate of the amount of funding needed. This agency's share of these reductions is \$3,061 in special funds. There is an additional across-the-board reduction to abolish positions statewide, but the amounts have not been allocated by agency.

Recommended Actions

1. Concur with Governor's allowance.

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

<u>Object/Fund</u>	<u>FY 15 Actual</u>	<u>FY 16 Working Appropriation</u>	<u>FY 17 Allowance</u>	<u>FY 16 - FY 17 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	11.00	11.00	11.00	0.00	0%
02 Contractual	2.96	4.26	4.26	0.00	0%
Total Positions	13.96	15.26	15.26	0.00	0%
Objects					
01 Salaries and Wages	\$ 832,520	\$ 847,519	\$ 838,595	-\$ 8,924	-1.1%
02 Technical and Spec. Fees	109,735	147,197	114,276	-32,921	-22.4%
03 Communication	9,495	11,745	12,245	500	4.3%
04 Travel	3,192	2,000	3,200	1,200	60.0%
06 Fuel and Utilities	4,757	6,021	4,700	-1,321	-21.9%
08 Contractual Services	29,146	36,000	36,500	500	1.4%
09 Supplies and Materials	3,155	7,500	6,000	-1,500	-20.0%
10 Equipment – Replacement	1,248	0	0	0	0.0%
11 Equipment – Additional	661	0	0	0	0.0%
12 Grants, Subsidies, and Contributions	3,548,947	4,100,000	4,200,000	100,000	2.4%
13 Fixed Charges	35,094	38,291	38,311	20	0.1%
Total Objects	\$ 4,577,950	\$ 5,196,273	\$ 5,253,827	\$ 57,554	1.1%
Funds					
03 Special Fund	\$ 3,410,091	\$ 3,455,265	\$ 3,531,195	\$ 75,930	2.2%
05 Federal Fund	1,139,201	1,700,000	1,700,000	0	0%
09 Reimbursable Fund	28,658	41,008	22,632	-18,376	-44.8%
Total Funds	\$ 4,577,950	\$ 5,196,273	\$ 5,253,827	\$ 57,554	1.1%

Note: The fiscal 2016 working appropriation does not include deficiencies or reversions. The fiscal 2017 allowance does not include contingent reductions.