

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

Operating Budget Data

(\$ in Thousands)

	<u>FY 17</u> <u>Actual</u>	<u>FY 18</u> <u>Working</u>	<u>FY 19</u> <u>Allowance</u>	<u>FY 18-19</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
Special Fund	\$2,804	\$3,269	\$2,902	-\$367	-11.2%
Adjustments	0	-13	7	20	
Adjusted Special Fund	\$2,804	\$3,256	\$2,909	-\$347	-10.7%
Federal Fund	1,633	1,900	1,700	-200	-10.5%
Adjustments	0	0	0	0	
Adjusted Federal Fund	\$1,633	\$1,900	\$1,700	-\$200	-10.5%
Reimbursable Fund	46	84	55	-29	-34.5%
Adjustments	0	0	0	0	
Adjusted Reimbursable Fund	\$46	\$84	\$55	-\$29	-34.5%
Adjusted Grand Total	\$4,483	\$5,240	\$4,664	-\$576	-11.0%

Note: FY 18 Working includes targeted reversions, deficiencies, and across-the-board reductions. FY 19 Allowance includes contingent reductions and cost-of-living adjustments.

- The fiscal 2019 allowance for the Criminal Injuries Compensation Board (CICB) decreases by a net \$576,000, or 11%, compared to the fiscal 2018 working appropriation. The decline is mainly attributable to a \$347,000 decrease in special fund revenues received from the Criminal Injuries Compensation Fund (CICF).
- A \$200,000 decrease in federal funds for Crime Victim Compensation accounts for 35% of the change in fiscal 2019, while a \$29,000 decrease in reimbursable funds is largely due to a decline in special payments and funds for routine operations.
- In addition, there is a fiscal 2018 across-the-board reduction for health insurance (\$13,172) and a fiscal 2019 increase (\$7,020) for an employee cost-of-living adjustment.

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

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Personnel Data

	<u>FY 17 Actual</u>	<u>FY 18 Working</u>	<u>FY 19 Allowance</u>	<u>FY 18-19 Change</u>
Regular Positions	11.00	11.00	11.00	0.00
Contractual FTEs	<u>3.27</u>	<u>1.97</u>	<u>4.00</u>	<u>2.03</u>
Total Personnel	14.27	12.97	15.00	2.03

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	0.00	0.00%
Positions and Percentage Vacant as of 12/31/17	3.00	27.27%

- The CICB fiscal 2019 allowance for personnel remains the same in terms of regular positions and includes a 2.03 increase in contractual full-time equivalents. In addition, the department has 3 vacant positions. While CICB’s personnel complement consists of just 11 regular positions, the 3 vacancies account for a 27% vacancy rate. **CICB should comment on the current vacancy level and its effect on operations.**

Analysis in Brief

Major Trends

Claims and Eligibility: From fiscal 2007 to 2013, the average number of eligible claims was on the decline. Since fiscal 2014, eligible claims have risen into the 90% range and are now at 99%. During that same fiscal year, CICB implemented a stricter goal of resolving 75% of eligible claims within 120 days of determining eligibility. Currently, over 90% of claims have been resolved within 120 days for two years in a row. The average number of days to process a claim also continues to fall and is 50% lower than fiscal 2011 levels. **CICB should comment on the decline in the number of eligible claims for which awards were made and the effect on estimated federal grant funding. In addition, CICB should revise its goal for resolving claims to be more in line with average processing times.**

Operating Budget Recommended Actions

1. Concur with Governor's allowance.

Updates

Changes in Crime Victim Award Legislation: In fiscal 2017, new legislation was enacted regarding awards to victims of crime. Chapter 7 of 2017 lowered grant eligibility thresholds for victims and established victim awards for additional lost wages from the CICF. This update reviews the legislation and its effect on the board's budget and operations.

Q00K00 – DPSCS – Criminal Injuries Compensation Board

Q00K00
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. If a disability-related claim of \$25,000 has been awarded to the victim, and 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.

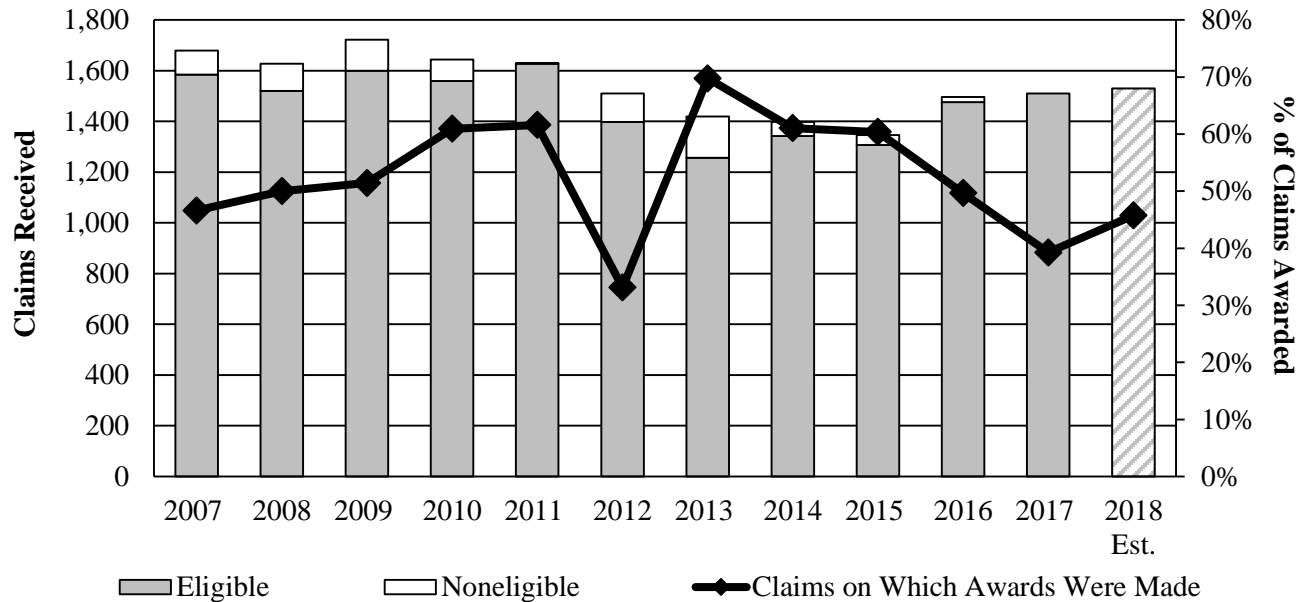
Performance Analysis: Managing for Results

1. Claims and Eligibility

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. 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.

Exhibit 1 depicts the number of eligible and noneligible claims received each year as well as the percentage of eligible claims on which awards were made. To be considered eligible, all claims must be made within three years of the crime (except in some cases of child abuse), the injury must have occurred in the state of Maryland (except in some cases of international terrorism), and the claimant must have suffered a physical or psychological injury.

**Exhibit 1
Claims Received
Fiscal 2007-2018 Est.**



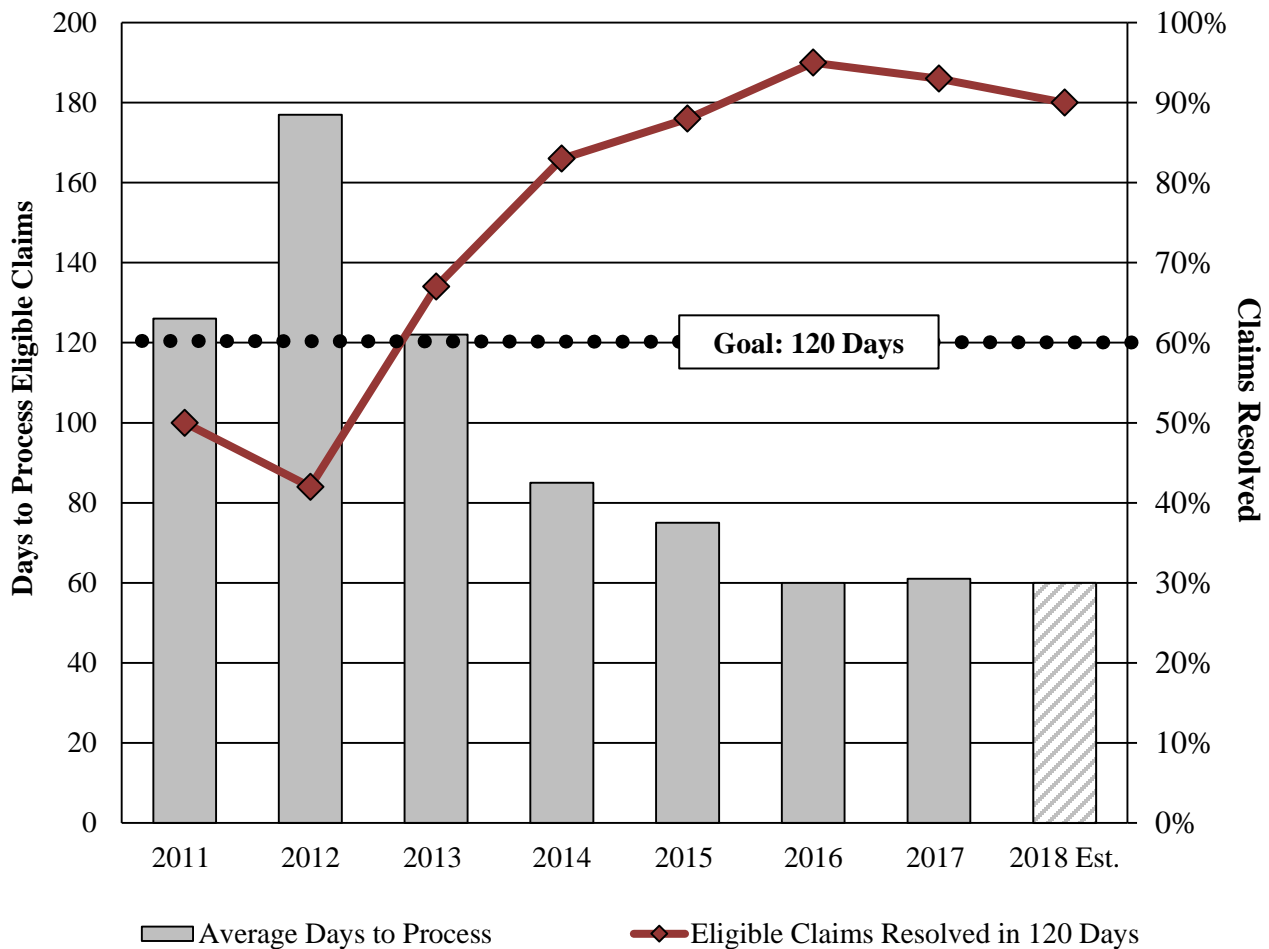
Source: Fiscal 2019 Managing for Results

After a period of decline in the number of eligible claims received, CICB has experienced an upward trend in eligible and total claims. While the total number of claims has remained consistently in the 1,500 range annually, the percentage of eligible claims has risen above 90% since fiscal 2014, and in fiscal 2017, 99% of claims were eligible, with no change expected for fiscal 2018.

Overall, the number of eligible claims on which awards were made continues to decline. The number of awards that can be made are based on the amount of awards and the revenue available to make those awards. Prior to fiscal 2013, CICB was paying out more in claims than could be supported with the revenue that was coming in. As a result, cost containment measures were initiated to keep CICB’s statutory position as the fund of last resort. Claimants are encouraged to seek out medical assistance, workers’ compensation benefits, Social Security disability, and other reimbursement sources before being processed by CICB. Additionally, CICB would negotiate claims with large medical providers. These changes helped stabilize its fund balance and ability to award claims. Special fund revenue used for awards from court fees collected by the District and circuit courts has declined by an average of \$200,000 per year. Because this amount impacts the number of awards that can be made, it also affects the 60% match received in federal funds for awards. In fiscal 2017, the percentage of eligible claims that received awards fell from 50% to 39% but is expected to rebound to 46% in fiscal 2018. **CICB should comment on the decline in the number of eligible claims for which awards were made and the effect on estimated federal grant funding.**

Exhibit 2 shows the agency’s efforts to meet its objective of resolving at least 75% of eligible claims within 120 days. In fiscal 2017, over 90% of claims were resolved within 120 days, marking the fourth year where the agency exceeded its objective. The average number of days to process a claim continues to fall, with fiscal 2017 processing times 50% lower than fiscal 2011 levels. Average days to process a claim rose by just 1 day, from 60 to 61 days in fiscal 2017.

Exhibit 2
Percentage of Claims Processed Within 120 Days
Fiscal 2011-2018 Est.



Source: Fiscal 2019 Managing for Results

While the claims processing goal is 120 days, given that the average processing time is just 70 days for the last four years, CICB should revise the 75% goal to be more in line with average processing times.

Fiscal 2018 Actions

Across-the-board Employee and Retiree Health Insurance Reduction

The budget bill includes an across-the-board reduction for employee and retiree health insurance in fiscal 2018 to reflect a surplus balance in the fund. This agency’s share of this reduction is \$13,172 in special funds.

Proposed Budget

As seen in **Exhibit 3**, the Governor’s allowance for CICB decreases by \$576,000, or 11.0%, from the fiscal 2018 working appropriation. The decrease is attributable to less special funds and federal funds available for crime victim assistance awards.

Exhibit 3
Proposed Budget
DPSCS – Criminal Injuries Compensation Board
(\$ in Thousands)

How Much It Grows:	Special <u>Fund</u>	Federal <u>Fund</u>	Reimb. <u>Fund</u>	<u>Total</u>
Fiscal 2017 Actual	\$2,804	\$1,633	\$46	\$4,483
Fiscal 2018 Working Appropriation	3,256	1,900	84	5,240
Fiscal 2019 Allowance	<u>2,909</u>	<u>1,700</u>	<u>55</u>	<u>4,664</u>
Fiscal 2018-2019 Amount Change	-\$347	-\$200	-\$29	-\$576
Fiscal 2018-2019 Percent Change	-10.7%	-10.5%	-34.5%	-11.0%

Where It Goes:

Personnel Expenses

Health insurance reduction.....	\$13
General salary increase.....	7
Workers’ compensation premium assessment.....	1

Crime Victim Funding

Federal crime victim compensation.....	-200
State Criminal Injuries Compensation Fund	-375

Operations

Contractual turnover expectancy.....	21
In-state routine operations and training.....	-9
Victim service coordinators.....	-33
Other.....	-1

Total	-\$576
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DPSCS: Department of Public Safety and Correctional Services

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

General Salary Increase

The fiscal 2019 allowance includes funds for a 2% general salary increase for all State employees, effective January 1, 2019. These funds are budgeted in the Department of Budget and Management’s statewide program and will be distributed to agencies during the fiscal year. CICB’s share of the general salary increase is \$7,020 in special funds. In addition, employees will receive another 0.5% increase and a \$500 bonus effective April 1, 2019, if actual fiscal 2018 general fund revenues exceed the December 2017 estimate by \$75 million. These funds have not been budgeted. The Administration will need to process a deficiency appropriation if revenues are \$75 million more than projected.

Personnel Expenses

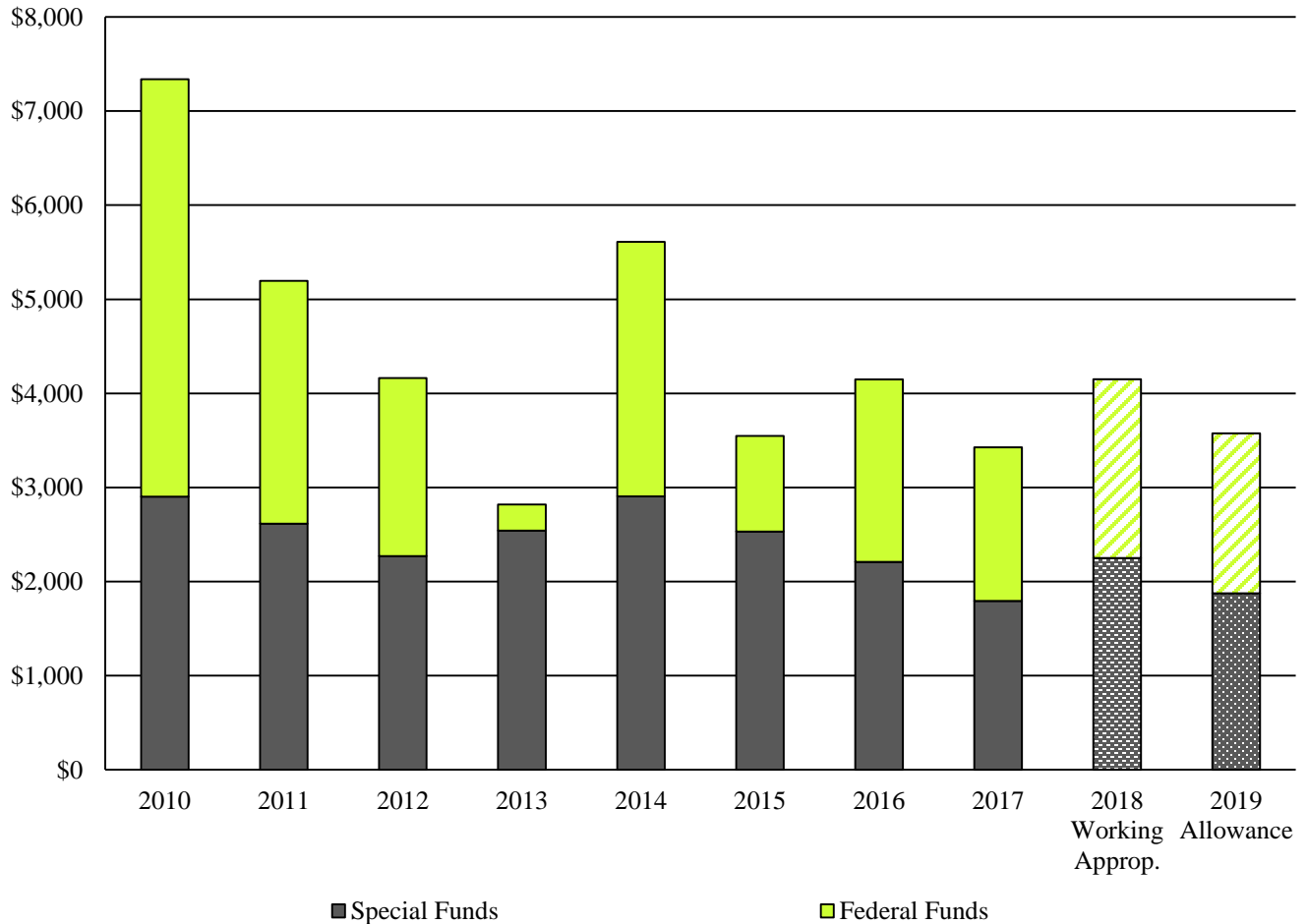
Personnel expenses increase by a net \$21,000 when accounting for the removal of health insurance reductions in fiscal 2018 and the cost-of-living adjustment increase in fiscal 2019.

Crime Victim Compensation

Overall, the largest changes in the allowance for CICB are a decrease of \$375,000 in special funds from the CICF for awards to victims of crime and a decrease of \$200,000 in federal crime victim grant funding. While funding for awards peaked in fiscal 2010 at over \$7 million in combined special and federal award funds, the amounts are on an upward trend since fiscal 2015, when only \$3.5 million in crime victim funds were available. Approximately \$3.6 million is available in the fiscal 2019 allowance.

Exhibit 4 shows the funding history for awards made to victims of crime since fiscal 2010. While federal funding for awards is provided based on a percentage of prior year special fund expenditures, federal funds are subject to potential reductions on the national level.

Exhibit 4
Awards Made to Victims of Crime
Fiscal 2010-2019 Allowance
(\$ in Thousands)



Source: Department of Public Safety and Correctional Services

Other Expenses

Increases for other expenses include \$21,000 in contractual turnover expectancy, which is offset by decreases including \$9,000 for routine in-state operations and training and \$33,000 in special payments, which are comprised of payments for victim service coordinators from the Governor’s Office of Crime Control and Prevention and CICB members. Special payments decreased slightly based on anticipated grant spending.

Operating Budget Recommended Actions

1. Concur with Governor's allowance.

Updates

1. Changes in Crime Victim Award Legislation

In fiscal 2017, new legislation was enacted regarding awards to victims of crime. Chapter 7 of 2017 lowers grant eligibility thresholds for victims and establishes victim awards of up to two weeks of lost average weekly wages for a parent, child, or spouse of a victim who died as a direct result of a crime or delinquent act and prohibits a specified lost wage claim from exceeding \$2,000.

Chapter 7 went into effect on October 1, 2017. So far, CICB has no claims that are affected by the change. It was estimated that the change in the law would increase special fund expenditures by approximately \$90,000 per year and that this amount would be partially reimbursed by the federal grant beginning in fiscal 2021. Also, according to fiscal note estimates, the new law would increase the number of claims per year by 60 and is not expected to significantly affect operations.

Q00K00 – DPSCS – Criminal Injuries Compensation Board

**Appendix 1
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 2017					
Legislative Appropriation	\$0	\$3,526	\$1,700	\$23	\$5,249
Deficiency Appropriation	0	0	0	0	0
Cost Containment	0	0	0	0	0
Budget Amendments	0	0	0	72	72
Reversions and Cancellations	0	-722	-67	-49	-838
Actual Expenditures	\$0	\$2,804	\$1,633	\$46	\$4,483
Fiscal 2018					
Legislative Appropriation	\$0	\$3,269	\$1,900	\$72	\$5,241
Cost Containment	0	0	0	0	\$0
Budget Amendments	0	0	0	12	\$12
Working Appropriation	\$0	\$3,269	\$1,900	\$84	\$5,253

DPSCS: Department of Public Safety and Correctional Services

Note: The fiscal 2018 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. Numbers may not sum to total due to rounding.

Fiscal 2017

Special Fund

Fiscal 2017 special fund expenditures totaled \$2.8 million, a \$722,000 decrease from the legislative appropriation, which reflects the cancellation of funds because of reduced revenue from the courts.

Federal Fund

Fiscal 2017 federal fund expenditures were more than \$1.6 million, approximately \$67,000 less than the legislative appropriation, due to cancellations based on reduced spending from the Victims of Crime Act grant.

Reimbursable Fund

Fiscal 2017 reimbursable fund expenditures were approximately \$46,000, a \$23,000 net increase from the legislative appropriation. A single budget amendment increased the appropriation by \$72,095, which consisted of funds from the Governor’s Office of Crime Control and Prevention (GOCCP) for statewide victim services. The agency cancelled \$48,741 in reimbursable funds because of a vacancy in a GOCCP-funded victim coordinator position.

Fiscal 2018

Budget amendments increase the fiscal 2018 working appropriation by \$11,929, which provided additional reimbursable funds for victim services from GOCCP.

Appendix 2
Object/Fund Difference Report
DPSCS – Criminal Injuries Compensation Board

<u>Object/Fund</u>	<u>FY 17</u> <u>Actual</u>	<u>FY 18</u> <u>Working</u> <u>Appropriation</u>	<u>FY 19</u> <u>Allowance</u>	<u>FY 18 - FY 19</u> <u>Amount Change</u>	<u>Percent</u> <u>Change</u>
Positions					
01 Regular	11.00	11.00	11.00	0.00	0%
02 Contractual	3.27	1.97	4.00	2.03	103.0%
Total Positions	14.27	12.97	15.00	2.03	15.7%
Objects					
01 Salaries and Wages	\$ 825,781	\$ 831,458	\$ 831,785	\$ 327	0%
02 Technical and Spec. Fees	128,816	169,607	155,152	-14,455	-8.5%
03 Communication	10,467	10,525	10,525	0	0%
04 Travel	3,271	9,330	3,350	-5,980	-64.1%
06 Fuel and Utilities	5,826	5,810	5,875	65	1.1%
08 Contractual Services	38,264	30,250	28,800	-1,450	-4.8%
09 Supplies and Materials	6,389	7,500	7,000	-500	-6.7%
12 Grants, Subsidies, and Contributions	3,426,539	4,150,000	3,575,000	-575,000	-13.9%
13 Fixed Charges	37,385	38,627	39,535	908	2.4%
Total Objects	\$ 4,482,738	\$ 5,253,107	\$ 4,657,022	-\$ 596,085	-11.3%
Funds					
03 Special Fund	\$ 2,804,087	\$ 3,269,113	\$ 2,902,035	-\$ 367,078	-11.2%
05 Federal Fund	1,632,665	1,900,000	1,700,000	-200,000	-10.5%
09 Reimbursable Fund	45,986	83,994	54,987	-29,007	-34.5%
Total Funds	\$ 4,482,738	\$ 5,253,107	\$ 4,657,022	-\$ 596,085	-11.3%

DPSCS: Department of Public Safety and Correctional Services

Note: The fiscal 2018 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. The fiscal 2019 allowance does not include contingent reductions or cost-of-living adjustments.