
Department of Public Safety and Correctional Services Fiscal 2026 Budget Overview

**Department of Legislative Services
Office of Policy Analysis
Annapolis, Maryland**

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Analysis of the FY 2026 Maryland Executive Budget, 2025

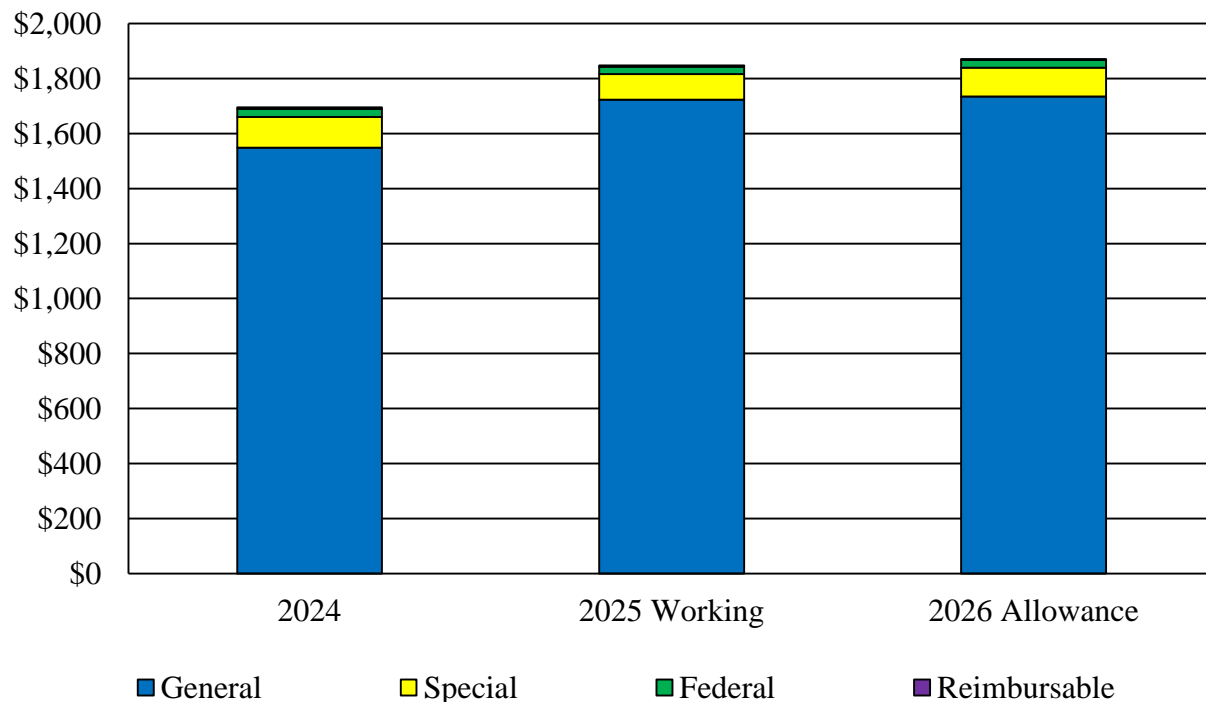
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Department of Public Safety and Correctional Services
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Executive Summary

The Department of Public Safety and Correctional Services (DPSCS) is a principal department of State government, responsible for operating 13 correctional facilities throughout the State and 5 detention facilities in Baltimore City, whose combined fiscal 2024 average daily population (ADP) is approximately 18,257 offenders. In addition, in fiscal 2024, the department supervised 85,343 offenders on parole and probation. DPSCS has a fiscal 2026 allowance of just under \$1.9 billion and 9,229 authorized positions that account for approximately 6% of all general fund expenditures and 10.6% of the total State workforce.

Operating Budget Summary

Fiscal 2026 Budget Increases by \$22.6 Million, or 1.2%, to \$1.9 Billion
(\$ in Millions)



Note: The fiscal 2025 working appropriation includes deficiency appropriations. The fiscal 2025 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency's budget. The fiscal 2026 impacts of the fiscal 2025 statewide salary adjustments appear in this agency's budget. The fiscal 2026 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency's budget.

Key Observations

- ***Correctional Officer (CO) Vacancies Worsen:*** While DPSCS made progress in administrative hiring, the CO vacancy rate rose from 9.5% in January 2024 to 10.8% in December 2024.
- ***Sentenced Offender Population Continues to Climb:*** The trend of growth in the sentenced offender population that began after the COVID-19 pandemic continued in fiscal 2024 as the State-sentenced population increased by 560, or 3%, compared to fiscal 2023.
- ***Audit Finds Structural and Oversight Issues with Prior Correctional Health Contract:*** An audit published by the Office of Legislative Audits (OLA) in November 2024 describes nine findings related to issues with DPSCS oversight of its previous medical and mental health care contract. When presenting the audit findings, OLA expressed concern that DPSCS may not have sufficiently addressed the oversight issues when awarding its new medical contract.

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Operating Budget Analysis

Program Description

DPSCS helps keep Maryland communities safe and provides services to victims of crime. The department strives to ensure the safety, security, and wellbeing of defendants and offenders under its supervision and to provide criminal justice agencies with access to timely, accurate information about defendants and offenders. DPSCS is organized into the following five primary functional units.

Corrections

The Division of Correction (DOC), the Patuxent Institution, and Maryland Correctional Enterprises (MCE) comprise the State prison system in Maryland. Correctional units are responsible for the physical confinement and control of offenders incarcerated by Maryland's judicial system and operate 12 State prisons, including the Patuxent Institution for offenders with persistent behavioral and mental health conditions. The remaining State prison, the Baltimore City Correctional Center, falls under the authority of the Division of Pretrial Detention and Services (DPDS) due to its location in Baltimore City. Additionally, not all sentenced offenders are held in DOC facilities, as DPDS facilities hold most offenders sentenced from Baltimore City to short local or State sentences.

Division of Pretrial Detention and Services

DPDS is the second largest functional area and is responsible for all offenders arrested in Baltimore City as well as those held on warrants from Baltimore City. Federal prisoners held at the Chesapeake Detention Facility (CDF) are also under DPDS' purview. Facilities include CDF; the Baltimore Central Booking and Intake Center (BCBIC); the Youth Detention Center; the Metropolitan Transition Center; and the Maryland Reception, Diagnostic, and Classification Center. The Baltimore City Correctional Center, a State correctional facility, also falls under this budget. Additionally, the Pretrial Release Services Program (PRSP) operates under DPDS.

Administration and Offices

The third largest functional area consists of several oversight units and independent agencies. Capital and Facilities Management, General Administration, the Intelligence and Investigative Division, the Warrant Apprehension Unit, and the Information Technology and Communications Division are included within DPSCS headquarters as well as the consolidated Administrative Services Program consisting of Human Resources, Procurement, Finance, Regulation and Policy Coordination, and Grants/Statistical Analysis.

The Inmate Grievance Office and the Maryland Commission on Correctional Standards (MCCS) are independent agencies included in the discussion of the Administration budget. The Inmate Grievance Office has jurisdiction over all inmate grievances against DPSCS, and MCCS develops and audits compliance with standards for all correctional and detention facilities in the State.

Community Supervision

This functional unit consists of the Maryland Parole Commission, the Division of Parole and Probation (DPP) headquarters, and the regional office units that conduct criminal supervision of offenders on parole or probation or who are assigned to the Drinking Driver Monitor Program (DDMP).

Police and Correctional Training Commission

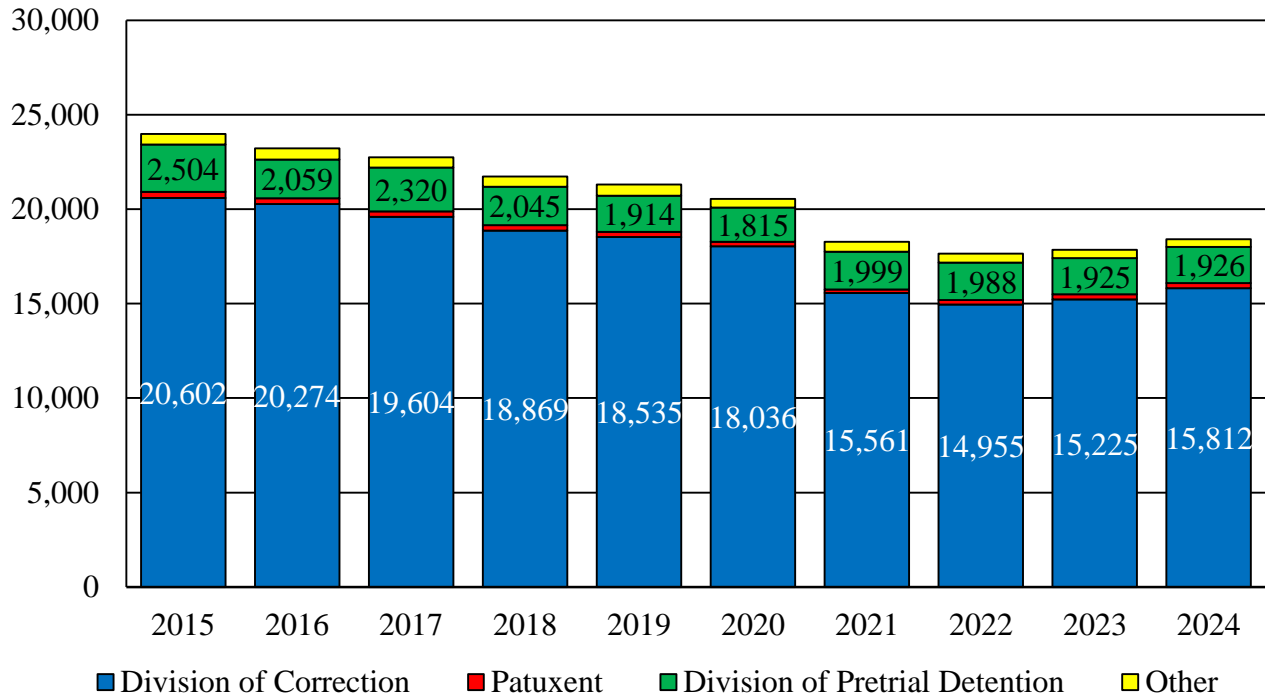
The Police and Correctional Training Commission (PCTC) supports the two independent commissions that develop the training standards for all law enforcement and COs in the State: the Correctional Training Commission and the Maryland Police Training Standards Commission. PCTC operates the Public Safety Education and Training Center in Sykesville.

Performance Analysis: Managing for Results

1. Populations Increased at State Prisons

Compared to historical population trends, Maryland has substantially reduced the sentenced offender population. However, in recent years, State prison populations continue to increase from pandemic lows. **Exhibit 1** shows the annual ADP of incarcerated and detained individuals in DPSCS custody and/or jurisdiction from fiscal 2015 to 2024. In fiscal 2024, DPSCS was responsible for an average of 18,421 sentenced and pretrial offenders each day. This includes 164 State incarcerated individuals held in local facilities awaiting transfer to DPSCS. The 10-year decline in ADP was 5,570 offenders, or 23.2%. From fiscal 2023 to 2024, individuals in DPSCS jurisdiction or custody increased by 560, or 3.1%.

Exhibit 1
Incarcerated Offenders – Average Daily Population
Fiscal 2015-2024



Note: Other includes federal detainees held at the Chesapeake Detention Facility and sentenced offenders in local jails awaiting transfer to the Department of Public Safety and Correctional Services.

Source: Governor’s Fiscal 2026 Budget Books; Department of Public Safety and Correctional Services

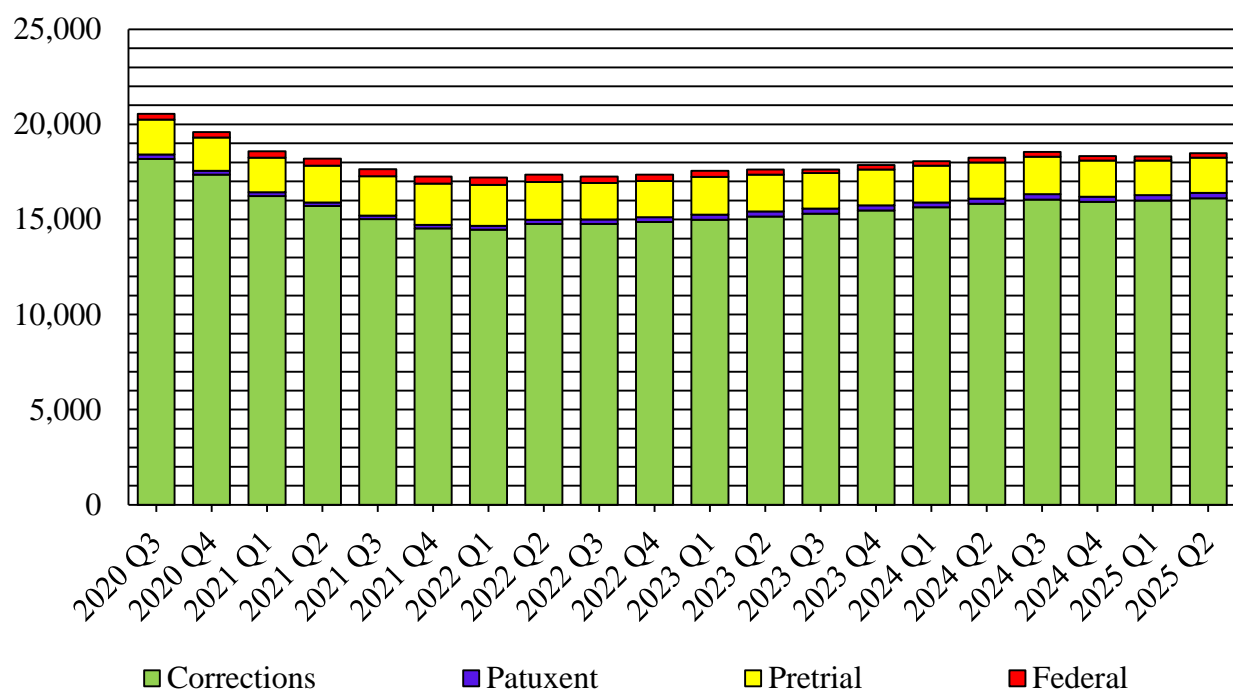
DPSCS Inmate Population Statistics, Fiscal 2024

- 15,812 State prisoners were sentenced and incarcerated in State facilities, and 164 were awaiting transfer to DPSCS.
- 1,926 local pretrial offenders were held at the Baltimore Pretrial Complex, and 246 federal detainees were held at CDF on behalf of the U.S. Marshals Service.
- Of all correctional facilities, the Eastern Correctional Institution held the largest share of sentenced offenders at 2,836, or 17.9%.
- Of all pretrial facilities, BCBIC held the largest share of detainees at 924, or 48.0%.

Inmate Population Trends, Fiscal 2025

Exhibit 2 displays the quarterly average count of offenders under pretrial and sentenced custody (excluding the 164 State offenders currently being held in local jails, as that information is only reported in the annual Managing for Results data). In the second quarter of fiscal 2025, the total State-sentenced population increased by 182 offenders over the fiscal 2024 ADP. The overall population in DPSCS custody stands at 18,484 as of the second quarter of fiscal 2025, with the fourth quarter of fiscal 2024 marking the first decline in total State-sentenced population after more than two years of consistent growth.

Exhibit 2
Quarterly Average Daily Population Trends
Fiscal 2020-2025



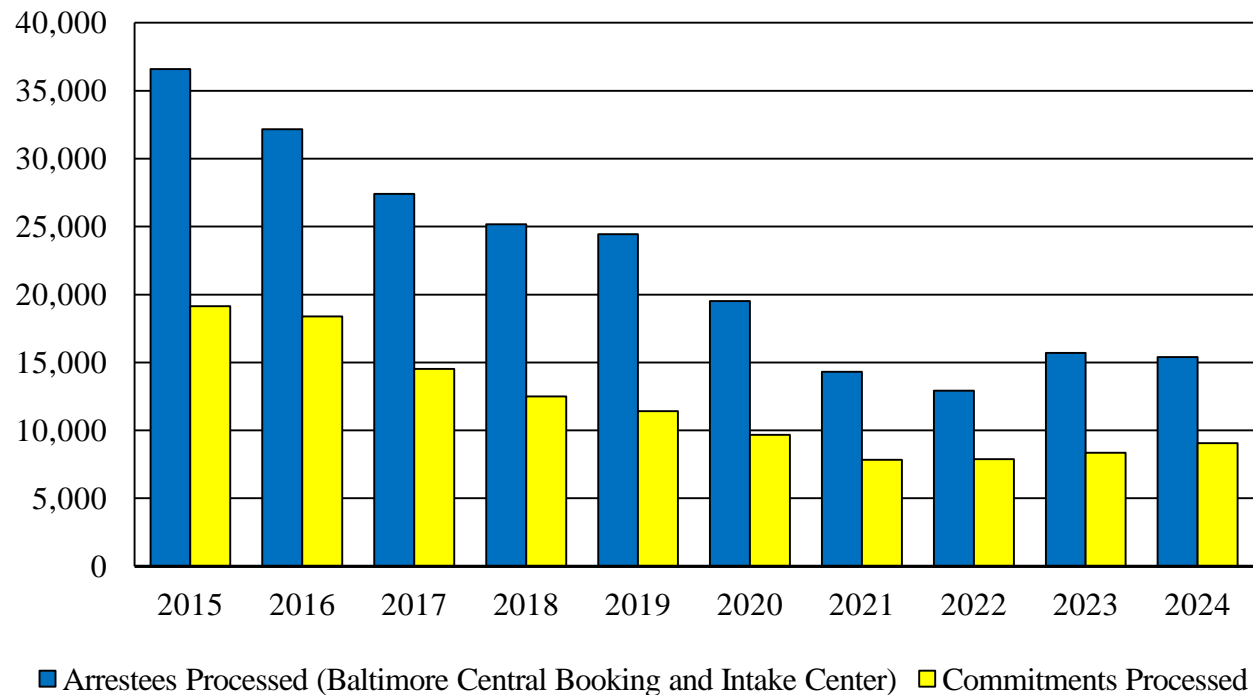
Source: Department of Public Safety and Correctional Services

2. Baltimore City Arrests Decreased Slightly and Pretrial Detention Commitments Increased

Exhibit 3 shows the number of arrestees processed and the number of commitments to pretrial detention in Baltimore City from fiscal 2015 to 2024. The 10-year decline was 58% for

arrests (from 36,602 arrestees processed in fiscal 2015) and 53% for commitments (from 19,145 arrestees admitted to pretrial detention in fiscal 2015). The annual change from fiscal 2023 to 2024 shows that arrests decreased by 2% with 15,385 arrests processed. However, compared to fiscal 2023, commitments to pretrial detention in fiscal 2024 increased by 8%, with 9,055 commitments.

Exhibit 3
Arrestees and Commitments to Pretrial Detention in Baltimore City
Fiscal 2015-2024



Source: Governor's Fiscal 2026 Budget Books; Department of Public Safety and Correctional Services

3. Overall Increase in Criminal Supervision Cases Driven by Probation

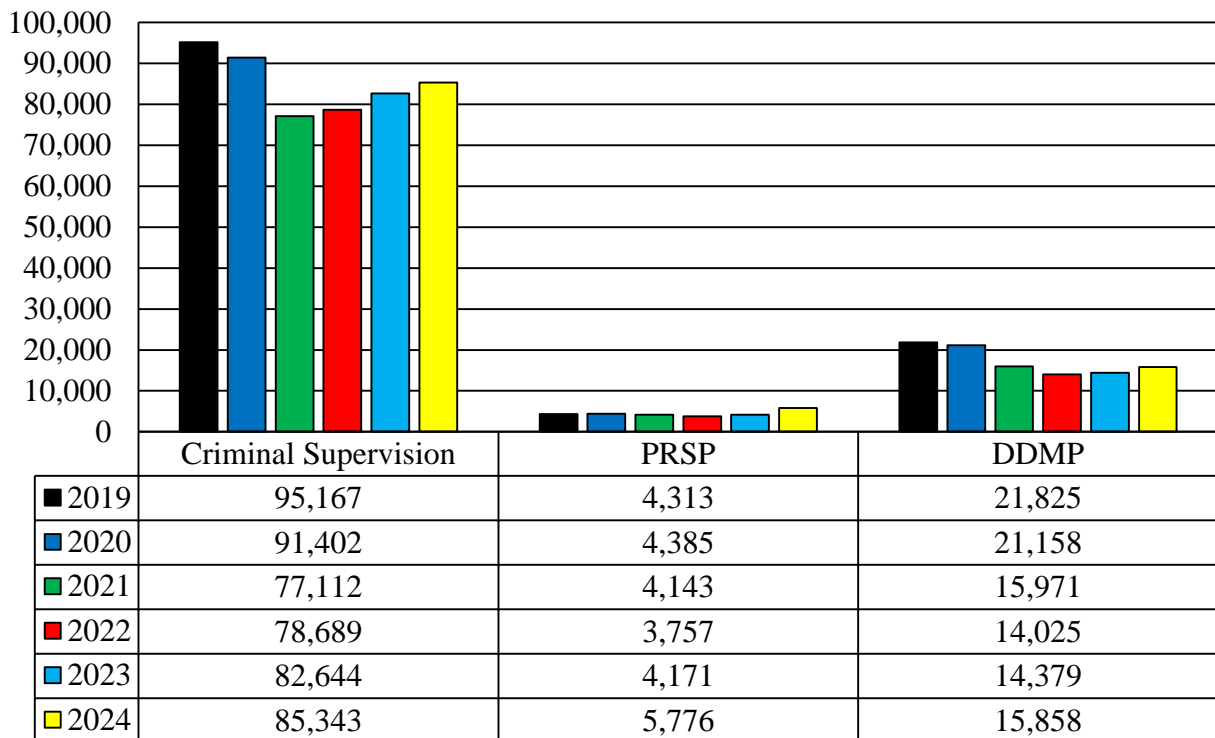
DPSCS oversees several community supervision programs, including the DPP criminal supervision program, the DPP DDMP, and the DPDS PRSP. Several of the department's community supervision populations increased from fiscal 2023 to 2024, including:

- **Probation:** 4.1%;

- **PRSP:** 17.1%; and
- **DDMP:** 10.3%

The probation population increased for similar reasons to the incarcerated population. As the courts make progress in processing criminal caseloads, there is a reasonable expectation that the population placed on probation will also grow. However, it remains to be seen if this growth will reach the levels that DPP operated under prior to the pandemic. For historical context, **Exhibit 4** depicts the total number of cases under community supervision for the past six years with only PRSP cases rising above prepandemic levels.

Exhibit 4
Community Supervision Cases Per Year
Fiscal 2019-2024



Criminal Supervision: Parole, Probation, and Mandatory Release (Due to Sentence Credits)
DDMP: Drinking Driver Monitor Program
PRSP: Pretrial Release Supervision Program

Source: Department of Public Safety and Correctional Services; Governor's Fiscal 2026 Budget Books

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- ***Criminal Supervision Cases Increased Over Prior Year but Remain 13% Lower than Prepandemic Levels:*** Approximately 95,167 cases were under criminal supervision (probation, parole, and mandatory supervision) in fiscal 2019. In fiscal 2024, there were 85,343 cases under criminal supervision, a 3% increase from fiscal 2023 levels.
- ***DDMP Cases Increased Over Prior Year but Remain 33% Lower Than Prepandemic Levels:*** DDMP monitors managed 21,825 cases in fiscal 2019. In fiscal 2024, DDMP monitors were managing 15,858 DDMP cases, a 10% increase from fiscal 2023 levels.

Fiscal 2024

DPSCS' actual fiscal 2024 spending was higher than the legislative appropriation by approximately \$128.3 million, excluding an additional \$48.4 million in fiscal 2024 spending paid for in fiscal 2025 through proposed deficiency appropriations. The \$128.3 million increase can be attributed to a \$32.7 million settlement with DPSCS previous medical contractor and \$20.9 million to extend the contract through the end of fiscal 2024 as well as deficiency appropriations included in the fiscal 2025 budget, statewide budget transfers, and budget amendments that increased spending primarily due to salary enhancements and inflation.

Fiscal 2025

Proposed Deficiencies

The fiscal 2026 budget includes proposed deficiency appropriations that increase the department's fiscal 2025 appropriation by \$203.4 million across the following uses:

- \$94.2 million to fund increased inmate health costs in fiscal 2025 resulting from a change in the medical and mental health care contractor;
- \$50.5 million to supplement overtime following a decrease in the fiscal 2025 funding level compared to the fiscal 2024 budget to align the appropriation with recent actual expenditures;
- \$48.4 million to cover fiscal 2024 shortfalls in operating costs, including \$4.6 million in food-related shortfalls;
- \$5.0 million reduction in general funds with a corresponding \$5.0 million increase in special funds from the Opioid Restitution Fund for contractual substance abuse treatment services;
- \$3.2 million to fund the agency's facility maintenance contract;

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- \$2.2 million for efforts to improve safety of DPP agents, including \$1.5 million to place armed guards in DPP offices across the State and \$743,000 to purchase ballistic and stab-proof vests for DPP agents;
- \$1.9 million to fund inmate food costs that were higher than budgeted due to inflation and an increasing inmate population;
- \$1.8 million to fund necessary licenses and module upgrades for the agency’s Offender Case Management System; and
- \$1.1 million to fund cost increases in inmate clothing and bedding.

The largest deficiency appropriation is related to the new Corrections and Division of Pretrial Detention medical and mental health care contract with Centurion of Maryland, which is significantly more expensive than the previous contract with YesCare. More information about the new and previous healthcare contracts can be found in Issue 1 of this analysis.

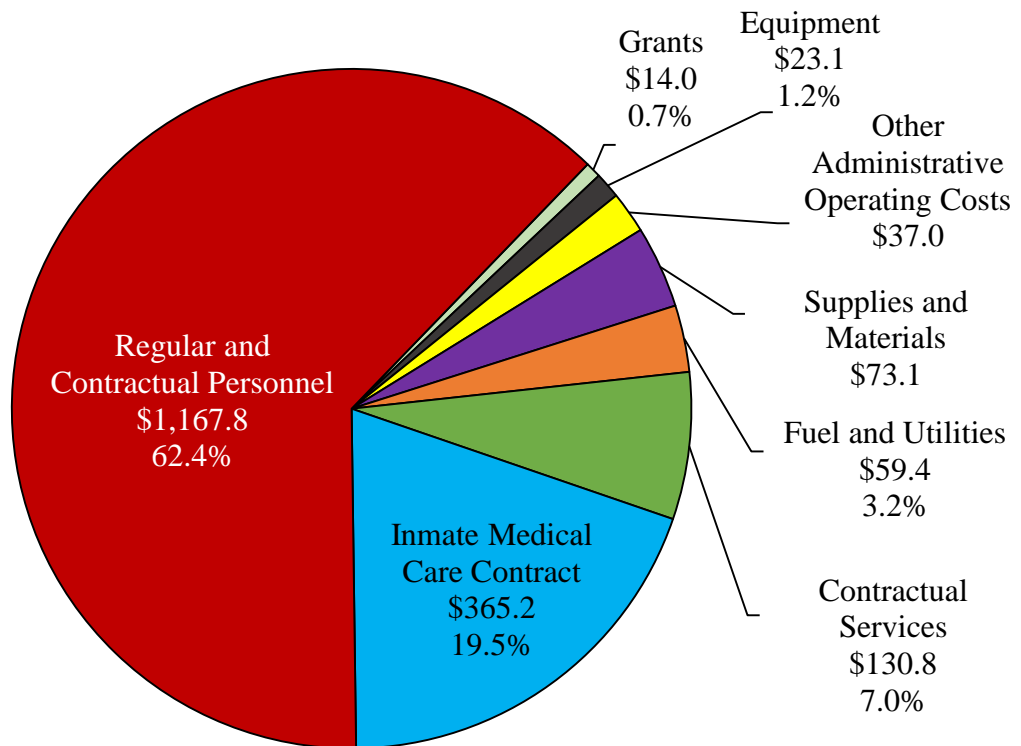
Additionally, deficiency appropriations provide a combined \$2.2 million for DPP safety improvements following a parole agent’s murder during a home visit in May 2024. In addition to placing armed guards in DPP offices across the State, DPSCS has ordered new, multi-threat vests. Agents were previously issued ballistic vests and commercial pepper spray. Further discussion of DPP safety improvements and operational changes will be included in the Q00C – Community Supervision analysis.

Fiscal 2026

Overview of Agency Spending

DPSCS’s fiscal 2026 allowance totals approximately \$1.9 billion. **Exhibit 5** displays the fiscal 2026 allowance categorized by major spending area. The allowance is primarily used to pay personnel costs (\$1.2 billion), mainly for salaries and wages of COs. Of the department’s personnel budget, 19.6%, or \$228.4 million, goes toward overtime costs related to the sustained reduction in CO staffing levels. Other areas that make up the department’s budget are inmate medical care (\$365.2 million), contractual services (\$130.8 million, mainly related to food services and criminal justice technology), supplies and materials (\$73.1 million, mostly related to MCE special funds), and fuel and utilities (\$59.4 million).

Exhibit 5
Overview of Agency Spending by Purpose
Fiscal 2026 Allowance
(\$ in Millions)



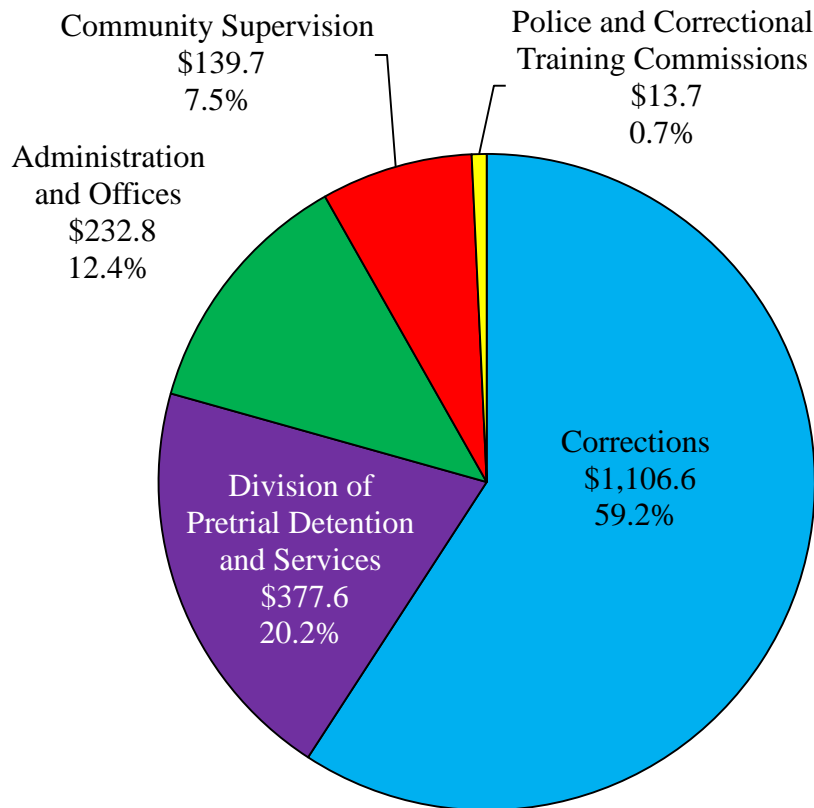
Note: The fiscal 2026 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency’s budget. Inmate Medical Care includes the departmentwide medical and mental health contract with Centurion of Maryland plus the cost of dental, pharmacy, and drug treatment services. Other administrative operating expenses include land, rent, shared services, travel, vehicles, and communications.

Source: Governor’s Fiscal 2026 Budget Books

Spending by Departmental Function

DPSCS is a large department with several functions that range from entry-level training to varying levels of offender supervision to the behind-the-scenes staff that keep the department operating. **Exhibit 6** shows the allocation of the fiscal 2026 budget among the primary functional units of DPSCS. More than half (59.2%, or \$1.1 billion) of DPSCS’s total allowance is budgeted for Corrections.

Exhibit 6
Overview of Agency Spending by Function
Fiscal 2026 Allowance
(\$ in Millions)



Note: The fiscal 2026 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency's budget.

Source: Governor's Fiscal 2026 Budget Books; Department of Budget and Management

Proposed Budget Change

Accounting for all adjustments, overall DPSCS funding in fiscal 2026 grows by \$22.6 million, or 1.2%, compared to the fiscal 2025 working appropriation. **Exhibit 7** provides details on the department's fiscal 2026 allowance and the changes to programs and spending initiatives.

Exhibit 7
Proposed Budget
Department of Public Safety and Correctional Services
(\$ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2024 Actual	\$1,548,817	\$111,776	\$28,345	\$6,531	\$1,695,469
Fiscal 2025 Working Appropriation	1,722,820	93,389	27,438	4,133	1,847,780
Fiscal 2026 Allowance	<u>1,735,295</u>	<u>103,817</u>	<u>27,744</u>	<u>3,538</u>	<u>1,870,395</u>
Fiscal 2025-2026 Amount Change	\$12,475	\$10,428	\$306	\$-595	\$22,615
Fiscal 2025-2026 Percent Change	0.72%	11.2%	1.1%	-14.4%	1.2%

Where It Goes:	Change
Personnel Expenses	
Salary increases and associated fringe benefits, including fiscal 2025 cost-of-living adjustments and increments.....	\$57,552
Overtime earnings	5,032
Workers' compensation insurance	174
Accrued leave payout and shift differential.....	-1
Turnover expectancy increase from 11.9% to 12.01%	-942
Worker and retiree health insurance.....	-47,676
Healthcare Costs	
Cost of medical, mental health, dental, pharmaceutical, and drug treatment services, accounting for proposed fiscal 2025 deficiency appropriations.....	43,808
Fiscal 2025 proposed deficiency to cover fiscal 2024 shortfalls related to inmate medical costs ...	-43,800
Food and Dietary Costs	
Food services.....	1,248
Dietary supplies and equipment	768
Fiscal 2025 proposed deficiency to cover fiscal 2024 shortfalls related to food costs.....	-4,604
Supplies, Materials, and Equipment	
MCE supplies and materials (special funds)	10,226
Pilot program for purchasing body-worn cameras for correctional officers	4,100
Other supplies, materials, and equipment for housekeeping, office work, trainings, uniforms, etc.	3,616
Data processing equipment and supplies.....	201
Other medical, laboratory, and drug supplies.....	160
Inmate uniform and bedding costs due to a growing population and inflation	159
Contractual Services	
Equipment rental and repair contracts.....	\$2,409

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Where It Goes:	<u>Change</u>
Maintenance services (laundry, janitorial services, grounds maintenance, trash removal, etc.).....	1,484
Legal services.....	251
Employee and inmate drug testing.....	200
Miscellaneous contractual services including prerelease services, local jail back-up, interpreter services, etc.....	-298
Outside contractor services to assist with program design, testing, analysis, and other administrative projects	-560
Maintenance and licensing costs for computers and software following a \$1.8 million deficiency appropriation for necessary licenses and module upgrades for the Offender Case Management System.....	-585
Contractual personnel salaries and benefits driven by a net decrease of 22.13 FTE positions, 17 of which are converted into regular positions	-1,186
Cost allocations for shared IT services, Statewide Personnel System, and OAH fees.....	-1,495
Budgeted turnover increase for contractual employees.....	-1,698
Inmate education and training not including higher education	-2,601
Other Costs	
Capital lease payments	1,361
Inmate Welfare Funds (special funds) to support prisoner gratuities, entertainment, supplies, etc. to improve prisoner wellbeing.....	969
Vehicle purchases, maintenance, gas, oil, and other costs	642
Increase in inmate wages due to growing population	424
Communications costs mostly for cell phones and cell phone services within ITCD.....	317
Rental agreements, including rent for garages and DPP office space	217
Travel costs	173
Postage increased by 14.5% to align with actual spending	113
Payment to the Maryland Environmental Service for facility water and sewage operations	-2,934
Utility costs, including electricity, water, sewage, and natural gas/propane.....	-4,780
Other.....	171
Total	\$22,615

DPP: Division of Parole and Probation

FTE: full-time equivalent

IT: information technology

ITCD: Information Technology and Communications Division

MCE: Maryland Correctional Enterprises

OAH: Office of Administrative Hearings

Note: Numbers may not sum to total due to rounding. The fiscal 2025 working appropriation includes deficiency appropriations. The fiscal 2025 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency's budget. The fiscal 2026 impacts of the fiscal 2025 statewide salary adjustments appear in this agency's budget. The fiscal 2026 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency's budget.

Cost of Supplies, Materials, and Maintenance Increase

The cost of labor, supplies, and equipment increase across the board due to inflation and a growing inmate population. Services and materials for regular facility maintenance and upkeep become significantly more costly. Maintenance services, including laundry, janitorial services, grounds maintenance, and trash removal, increase by \$1.5 million, and the cost of supplies for those services rise by over \$3.6 million. Food costs in the fiscal 2026 allowance also increase by \$1.2 million from fiscal 2025 after accounting for related deficiency appropriations. Furthermore, funds supporting raw materials and production and shipping supplies for MCE grow by \$10.2 million, most of which are special funds.

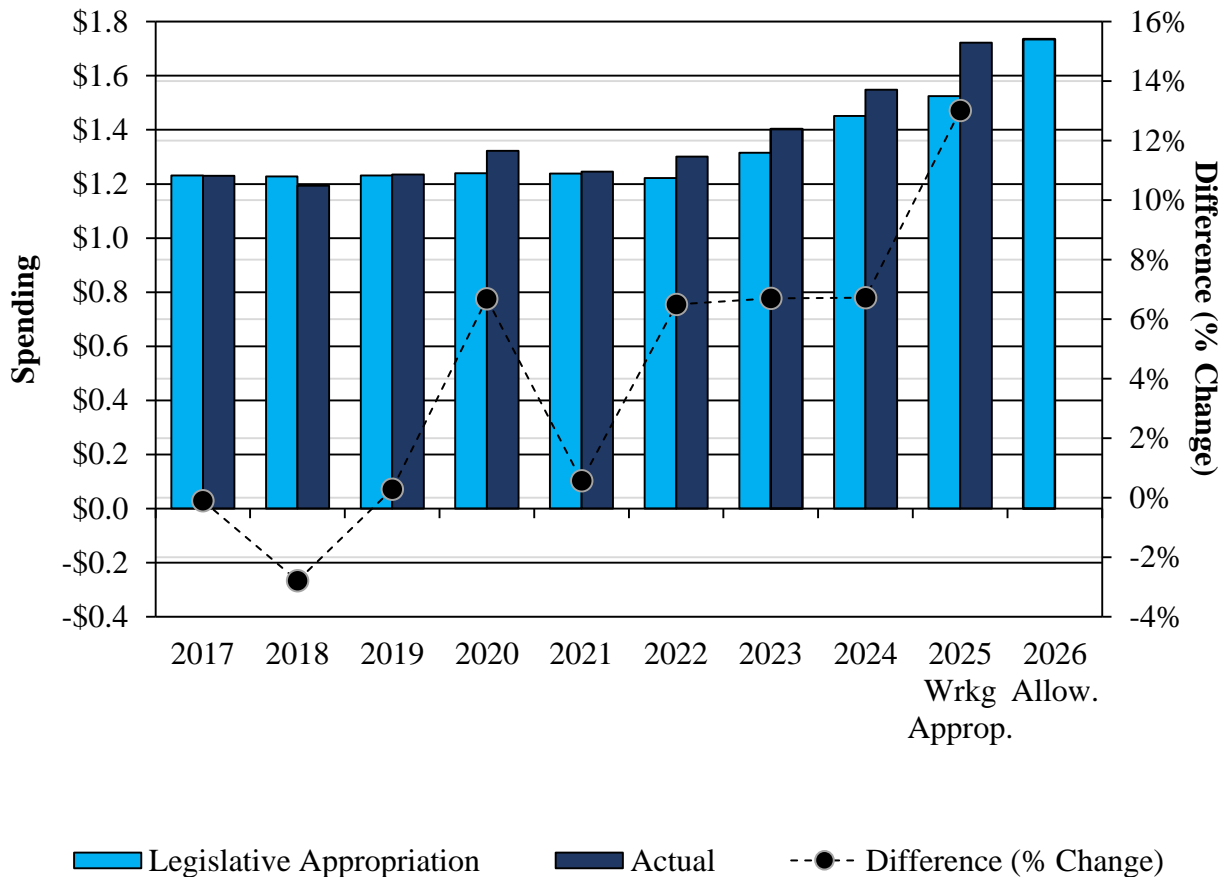
Pilot Program for Body-worn Cameras

Compared to the fiscal 2025 working appropriation, the fiscal 2026 allowance increases by \$4.1 million in general funds as DPSCS also plans to purchase body-worn cameras for COs in several facilities as part of a new pilot program. DPSCS indicates the cameras will assist in providing additional video coverage where closed circuit television footage is lacking with the goal of the State paying fewer settlements in the long term.

Fiscal 2026 General Fund Expenses Increase by 0.7%

Exhibit 8 shows DPSCS general fund actual spending compared to the respective legislative appropriation since fiscal 2017. For several years, DPSCS budget growth stagnated as the CO staffing crisis took effect and the sustained population declines allowed for consolidation of resources. In the pandemic years of fiscal 2020 through 2022, large one-time federal and special fund swaps were very beneficial for the department. During those years, many of the costs, which were salaries, would have otherwise been covered by general funds. Thus, the data is adjusted for those years to include expenses covered by other funds that are covered by general funds before and after the COVID-19 pandemic.

Exhibit 8
Appropriated Versus Actual Spending – General Funds
Fiscal 2017-2026
(\$ in Billions)



Note: The fiscal 2023 amounts exclude the effect of a one-time fund swap of \$350 million in general funds for federal funds. The fiscal 2024 amounts exclude the effect of a one-time fund swap of \$20 million in general funds for special funds. The fiscal 2025 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency's budget. The fiscal 2026 impacts of the fiscal 2025 statewide salary adjustments appear in this agency's budget. The fiscal 2026 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency's budget.

Source: Governor's Budget Books, Fiscal 2017-2026

General fund expenses have grown since prepandemic times. Actual expenses in fiscal 2020 and 2022 were higher than appropriated, mostly due to one-time COVID-19 expenses in fiscal 2020 and salary increases in fiscal 2022. From fiscal 2023 onward, this trend accelerated due to salary increases and widespread inflationary pressures. Similarly to fiscal 2023, fiscal 2024

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actual spending has been significantly higher than the legislative appropriation due to increased inmate medical and mental health care costs and significant overtime expenses. The fiscal 2025 working appropriation is also higher than the legislative appropriation due to medical contract costs and several other deficiency appropriations.

Personnel Data

	<u>FY 24</u> <u>Actual</u>	<u>FY 25</u> <u>Working</u>	<u>FY 26</u> <u>Allowance</u>	<u>FY 24-25</u> <u>Change</u>
Regular Positions	9,217.40	9,212.40	9,229.40	17.00
Contractual FTEs	<u>108.23</u>	<u>157.97</u>	<u>135.84</u>	<u>-22.13</u>
Total Personnel	9,325.63	9,370.37	9,365.24	-5.13

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	1,108.46	12.01%
Positions and Percentage Vacant as of 11/30/24	1,355.40	14.71%
Vacancies Above Turnover	246.94	

- The fiscal 2026 budget provides 17.00 new regular positions across DPSCS to account for contractual conversions of office support positions within DPP.
- As of November 30, 2024, DPSCS reported over 1,355 vacant positions, an increase of 194.4 vacancies compared to November 2023, despite the number of authorized positions decreasing in fiscal 2025. Furthermore, DPSCS reported 247 vacancies more than necessary to meet the budgeted turnover expectancy of 12.01% in fiscal 2026. Using the departmental average cost per employee, this corresponds to about \$20.9 million in potential vacancy savings in fiscal 2026, which is nearly four times more than was estimated for fiscal 2025.

Issues

1. OLA Audit Finds Structural and Oversight Issues with Previous Correctional Health Care Contract

A November 2024 fiscal compliance audit issued by OLA contained nine findings related to DPSCS medical contracts and procurements from April 2018 to December 2023. During this period, the agency contracted its medical and mental health care with YesCare (formerly known as Corizon).

The audit was published after the Board of Public Works (BPW) awarded two contracts to Centurion of Maryland on May 15, 2024, to provide medical and mental health care to correctional facilities and pretrial detention centers totaling \$1.2 billion and \$491 million, respectively. Both procurements were appealed by YesCare. The previous vendor received criticism for inadequate staffing, service issues, and failure to pay bills. Despite YesCare offering a less expensive bid than Centurion, the agency and BPW selected a new vendor that received a superior technical ranking. Furthermore, DPSCS indicated the vendor’s proposal estimated that \$1.5 billion of the \$1.7 billion contract would remain in the Maryland economy due to Centurion’s local headquarters and staff. The new contract includes a five-year base term and a single two-year renewal option. **Exhibit 9** shows the projected cost each contract. According to DPSCS, the expected total for fiscal 2026 is approximately \$315.5 million.

Exhibit 9 Projected Annual Medical and Mental Health Care Costs Fiscal 2025-2031

<u>Year</u>	<u>Corrections</u>	<u>Pre-trial Detention</u>	<u>Total</u>	<u>Amount Change</u>	<u>% Change</u>
2025	\$206,719,540	\$87,127,949	\$293,847,489		
2026	221,822,492	93,653,462	315,475,954	\$21,628,465	7%
2027	232,914,890	98,398,946	331,313,836	15,837,882	5%
2028	243,928,460	103,050,978	346,979,438	15,665,602	5%
2029	256,351,000	108,340,754	364,691,754	17,712,316	5%
5-year Total	1,161,736,382	490,572,089	\$1,652,308,471		
2030	269,168,550	113,757,792	\$382,926,342	18,234,588	5%
2031	282,626,978	119,445,681	402,072,659	-1,250,235,812	5%
7-year Total	\$1,713,531,910	\$723,775,562	\$2,437,307,472		

Source: Department of Public Safety and Correctional Services; Department of Legislative Services

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One of the major issues highlighted in the audit is the previous contract's fixed fee payment model that is utilized again in the new contract with Centurion. The model involves paying the contractors a lump sum to cover the cost of staffing, medical equipment and supplies, certain inpatient hospital visits, and the contractors' overhead and profit without adjusting for staffing levels, actual costs, or changes in the population of incarcerated individuals. The agency reported that this payment structure was selected based on a DPSCS survey of health care contracts in other states and because this methodology transfers costs to the contractor should they exceed the budgeted amount. However, not only could DPSCS not provide documentation of this survey, but OLA also found that fixed fee models are not typically used by other states. Other states more commonly utilize per-patient cost models or models that reimburse the contractor for the actual cost of care with an additional fee to cover contractor profits.

Under the fixed fee model, DPSCS's health care costs increased by a total of \$48.7 million, or 41%, between fiscal 2018 and 2023 despite an 18% decline in the average daily corrections population. DPSCS reported that it is unable to renegotiate the fixed price contract with Centurion without prompting challenges to the award of the contract. The contract can only be modified through an adjustable billing clause that would allow the State to request a reduced monthly amount if the ADP decreases by more than 10% from the projected amount.

The audit highlighted that prior to awarding the contract, DPSCS had concerns about YesCare's ability to recruit and retain the agreed upon personnel numbers. For instance, DPSCS's internal evaluation of YesCare noted that the three states listed as the contractor's references had described staffing challenges and that at least one contract with another state had been terminated due to YesCare's inability to meet staffing requirements. Despite these responses, DPSCS did not disclose the concerns to BPW or develop a contingency plan to supplement personnel. During the contract term, YesCare experienced challenges recruiting and retaining medical professionals, and DPSCS identified inconsistencies between the personnel reports submitted by YesCare and the data in the timekeeping system. The agency reportedly made no attempt to follow up on the errors in the personnel reports or investigate potential compliance and staffing issues.

Staffing issues worsened due to the failure of DPSCS to establish an adequate payment rate for the health care professionals providing the services. According to OLA, the solicitation only specified that YesCare must pay the health care professionals more than the State's living wage (\$14.24 per hour in December 2019). This led to hourly rates that were significantly below the statewide average, as shown in **Exhibit 10**. From calendar 2022 until the end of the contract term, YesCare was only able to fill a maximum of 81% of necessary positions each month. Furthermore, DPSCS did not consider renegotiating the contract's payment structure and continued to pay for medical and mental health personnel that were never provided. DPSCS stated at the BPW meeting on May 15, 2024, that Centurion has a reputation of paying its medical professionals more than YesCare. However, the staffing issue has persisted in the contract with Centurion, which was staffed at 70% as of January 10, 2025. It is unclear whether the agency has worked with Centurion to set baseline rates for medical professionals. **DPSCS should comment on the minimum hourly rates being paid to medical professionals and what steps are being taken to ensure the contract is fully staffed.**

Exhibit 10
Comparison of YesCare Rates and Statewide Averages
Calendar 2023

<u>Position</u>	<u>Required Positions</u>	<u>Contract Minimum Hourly Rate</u>	<u>Statewide Average Hourly Rate</u>	<u>Difference Hourly Rate</u>	<u>Difference Percentage</u>	<u>Annualized Difference Per Person</u>
Medical Services						
Licensed Practical Nurse	217	\$22.86	\$31.95	-\$9.09	-28%	-\$18,917
Registered Nurse	173	33.45	44.27	-10.82	-32%	-25,512
Nurse Practitioner and Physician Assistant	45	55.74	56.39	-0.65	-1%	-1,342
Medical Records Clerk	42	15.61	30.26	-14.65	-94%	-30,475
Certified Nursing Assistant	28	15.61	19.60	-3.99	-26%	-8,302
Mental Health Services						
Registered Nurse	53	\$34.88	\$44.27	-\$9.39	-21%	-\$19,525
Licensed Practical Nurse	43	24.29	31.95	-7.66	-24%	-15,933
Licensed Clinical Professional Counselor	21	25.20	29.74	-4.54	-15%	-9,440
Psychiatrist	19	123.11	130.06	-6.95	-5%	-14,453
Nurse Practitioner	10	73.37	61.54	11.83	19%	24,598

Source: Office of Legislative Audits; Department of Legislative Services

OLA concluded that DPSCS failed to monitor its contractor, which resulted in numerous policy violations. DPSCS policy requires that individuals brought into custody undergo a medical intake exam within two hours and receive medical and mental health exams within a week. OLA noted that DPSCS failed to ensure that its contractors completed the exams within the required time frames and noted that hundreds of exams were not completed at all. For example, between July 2023 and September 2023, the mental health contractor did not complete 548 suicide risk evaluations and 682 mental health exams. DPSCS also did not ensure YesCare resolved complaints filed by incarcerated individuals within the required 45 days and often failed to properly document its investigations. One individual complained after not being tested for sexually transmitted infections despite showing symptoms, and their complaint was not resolved until seven months later. Not only do these policy violations and delay in care pose a risk to the health of individuals who are under the care of the State, it also puts DPSCS at significant risk of litigation. According to OLA, DPSCS may still lack procedures in the new contract to ensure incarcerated individuals are evaluated within the proper time frame and that their complaints are properly investigated and resolved in a timely manner.

The audit revealed that DPSCS also failed to conduct proper financial management of the contract. For example, DPSCS:

- did not confirm that the invoices paid for pharmaceuticals accurately reflected the pharmaceuticals provided by the contractor;
- could not provide sufficient documentation for its decision to carry out a \$20 million settlement with YesCare and waive \$40.5 million in liquidated damages without the required BPW approval; and
- agreed to the contractor's request to waive nearly two years of liquidated damages related to the mental health contract without conducting an analysis.

In its response to OLA, DPSCS committed to improving its oversight process but responded to several findings, including criticisms of the fixed-fee model. DPSCS confirmed that the new contractor has developed an employee recruitment strategy but could not provide a timeline for Centurion to be fully staffed. OLA's audit raises questions about the new Centurion contract, including the rationale for DPSCS entering into another fixed-fee contract and whether the department has since established the proper procedures to oversee its contractors. When asked about plans to implement OLA's recommendations, DPSCS responded that it has created corrective action plans to respond to each recommendation but did not specify if the plans have been employed yet. **DPSCS should provide an update on the status of the corrective action plans and discuss how they have been incorporated in the current contract with Centurion.**

The Department of Legislative Services (DLS) recommends adding budget bill language restricting \$500,000 pending a report describing how DPSCS has incorporated OLA feedback about the previous contract's structure and lack of oversight into the current contract. The report should include the following:

- a detailed justification of DPSCS’s decision to re-enter a fixed-fee payment structure, including an explanation of why the methodology selected is in the State’s best interest and whether the agency intends to renegotiate the contract structure;
- an update on the development of a contingency plan outlining the agency’s efforts to supplement medical and mental health services and personnel should its contractors fail to meet the terms of the contract;
- a timeline and strategy to achieve and maintain contract staffing levels and ensure that minimum hourly rates paid to the contract’s health care professionals are competitive with similar positions across the State;
- a description of the procedures to ensure invoices accurately reflect the resources provided by the contractors and to identify and address inaccurate staffing reports collected from the contractors;
- a description of the procedures to guarantee contractors complete medical and mental health examinations within the required timeframes as well as investigate and resolve inmate complaints in a timely manner; and
- determinations and outcomes regarding liquidated damages, including the amount charged and collected as of the submission of the report.

The recommended budget bill language appears in the Q00A – DPSCS – Administration analysis.

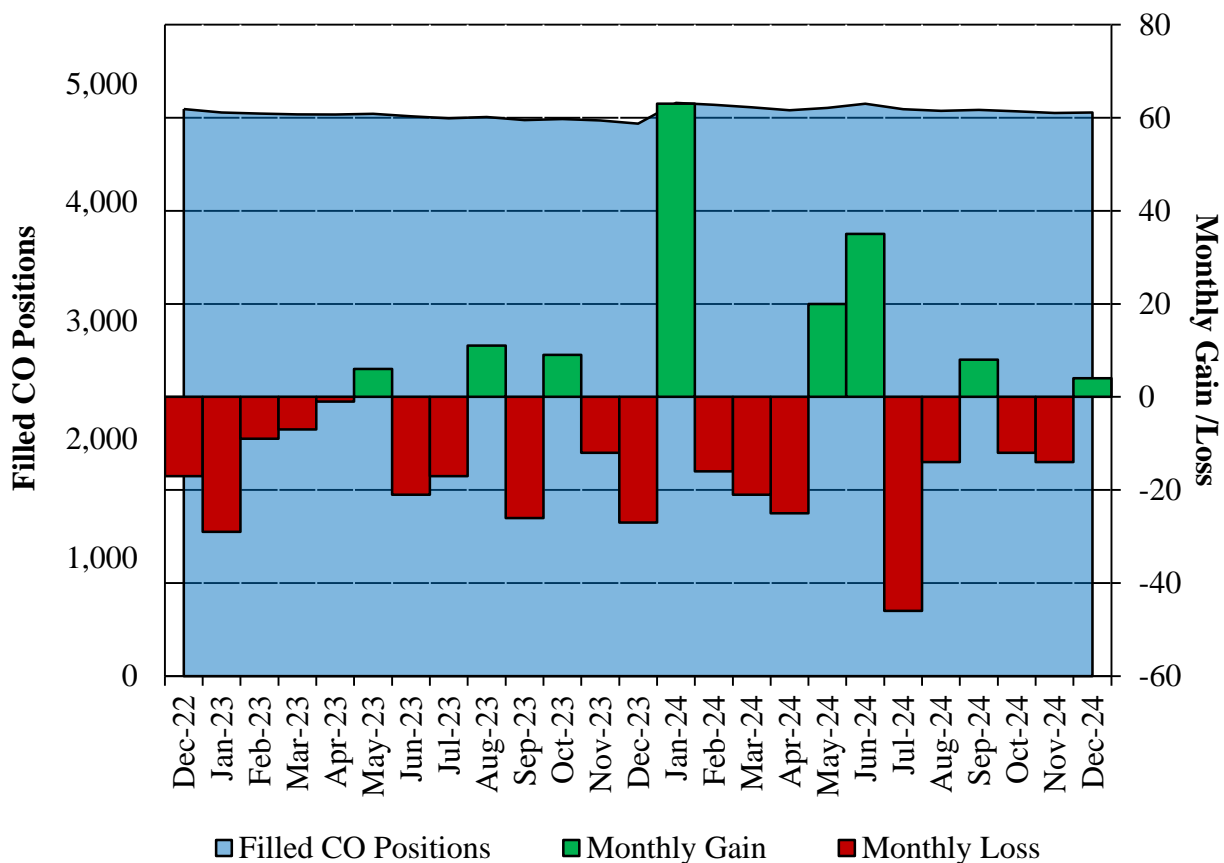
2. Correctional Officer Vacancies Worsen Since January 2024 but Improve Against Historic Numbers

DPSCS continues to report persistently low CO staffing levels that contribute to the overall high vacancy rate departmentwide. CO vacancies are particularly troubling as low staffing rates contribute to inmate idleness, safety risks, and a reduced emphasis on rehabilitation. Vacancies are not limited to COs and are even more extensive among administrative staff that carry out daily activities and operations.

Following the COVID-19 pandemic, DPSCS reached new record lows in overall filled positions and CO positions. In calendar 2024, DPSCS made progress in filling overall positions but continued to struggle to hire COs and community supervision agents. **Exhibit 11** shows filled CO positions and the monthly gain or loss in employees based on vacancy data provided by the Department of Budget and Management. DPSCS had net losses of COs in 9 out of 12 months in calendar 2023 and 7 out of 12 months in calendar 2024. On December 1, 2024, DPSCS employed 4,758 COs (81 fewer than in January 2024), 803 community supervision agents (59 fewer than in January 2024), and 2,608 administrative staff (65 more than in January 2024). When compared to

December 2023 data, however, there were increases of 94 filled COs and 95 administrative supervision agents due to a spike in filled positions in January 2024. The sharp increase in filled positions was due to the record hiring of 63 COs. Despite the short-term improvement in hiring, the decline in filled positions by December 2024 indicate that DPSCS was unable to retain those hired throughout the year.

Exhibit 11
Correctional Officer Filled Positions
January 2023 to December 2024



CO: correctional officer

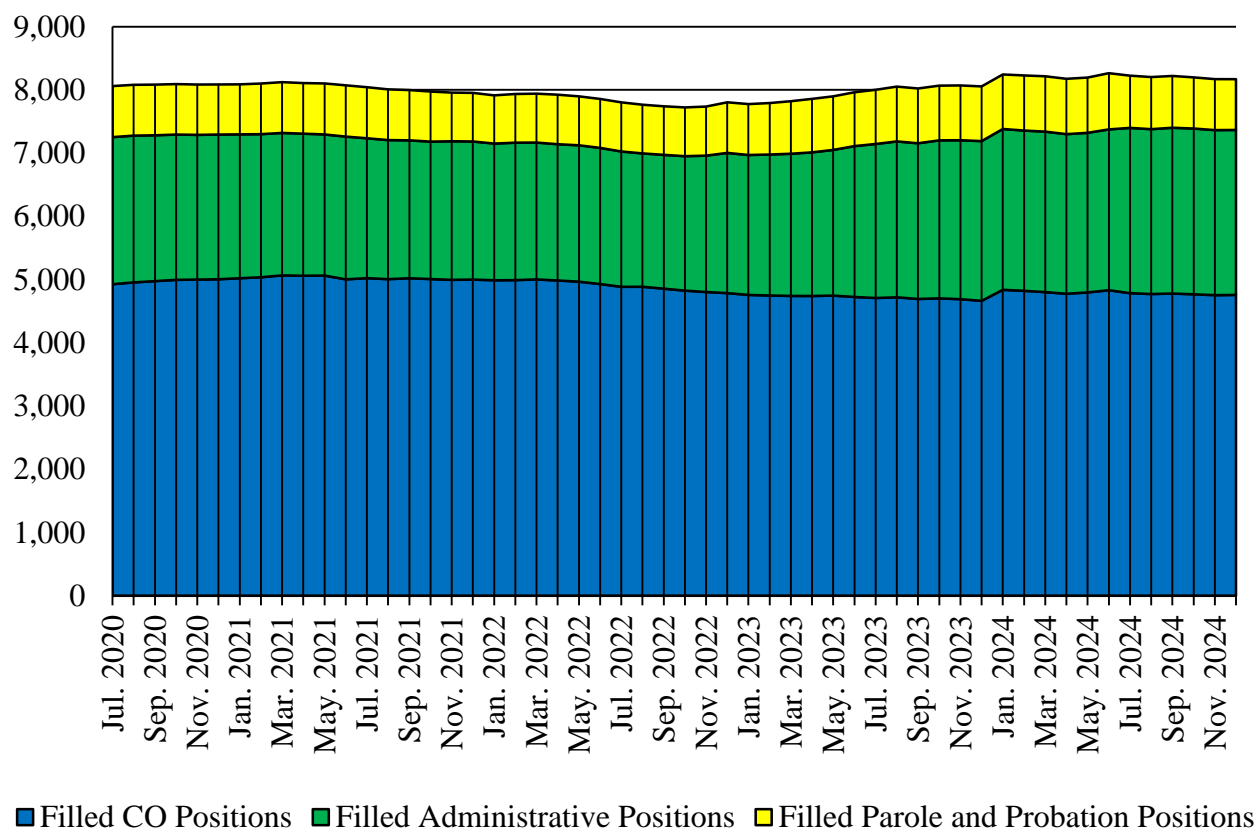
Source: Department of Budget and Management; Department of Legislative Services

As noted during the 2024 session, several administrative employee categories were also understaffed. DPSCS reported renewing efforts to post and fill vacancies for those often essential workers, resulting in the administrative vacancy rate decreasing from 17.1% in July 2023 to 13.3% in July 2024. Since July 2024, however, the administrative vacancy rate has plateaued.

Filled Positions

Exhibit 12 shows the number of filled positions from July 2020 through December 2024. Employment for administrative positions remains the lowest with an 86.6% fill rate, or 2,608 filled positions of 3,013 authorized positions. As of December 2024, COs have an 89.2% fill rate, or 4,758 of 5,332. Community supervision agents, including DDMP monitors, have the highest fill rate at 92.1%, or 803 of 872.

Exhibit 12
DPSCS Filled Positions by Employee Classification
July 2020 to December 2024



CO: correctional officer

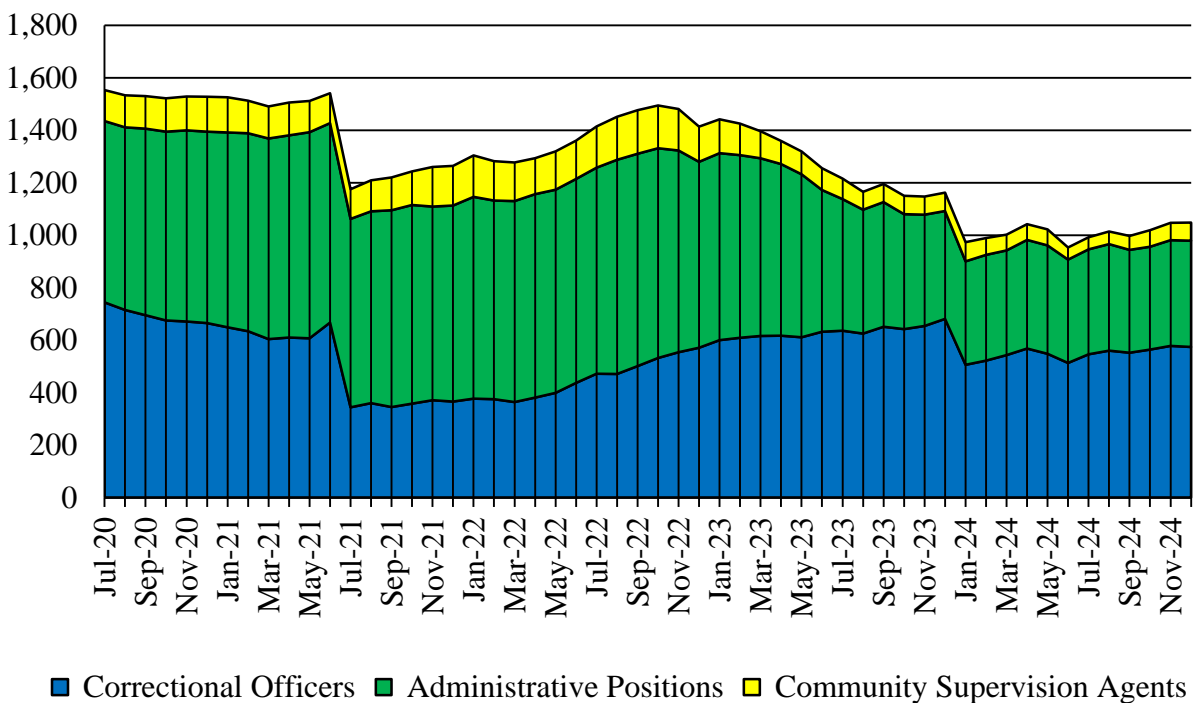
DPSCS: Department of Public Safety and Correctional Services

Source: Department of Budget and Management

Vacancies and Abolishments

Exhibit 13 shows DPSCS vacancies since July 2020. It should be noted that changes in the number of authorized positions can make it difficult to compare vacancy rates across fiscal years. Position abolishments decreased the number of authorized regular positions from 10,139 in fiscal 2020 to 9,217 in fiscal 2022. These position abolishments corresponded with a declining inmate population and the closure of several housing units and facilities. However, much of the personnel reduction was also related to the inability of the department to fill those positions. The abolished positions brought the budget closer in line with actual staffing levels as increasing vacancies in the past led to large savings that were transferred to other areas of the department instead of being used to hire employees. The fiscal 2026 allowance provides a net increase in regular positions as the total number of positions authorized is 9,229. Vacancies as of December 1, 2024, stand at 574 for COs (10.8%), 405 for administrative positions (13.4%), and 69 for community supervision agents (7.9%).

Exhibit 13
DPSCS Vacant Positions by Employee Classification
July 2020 to December 2024



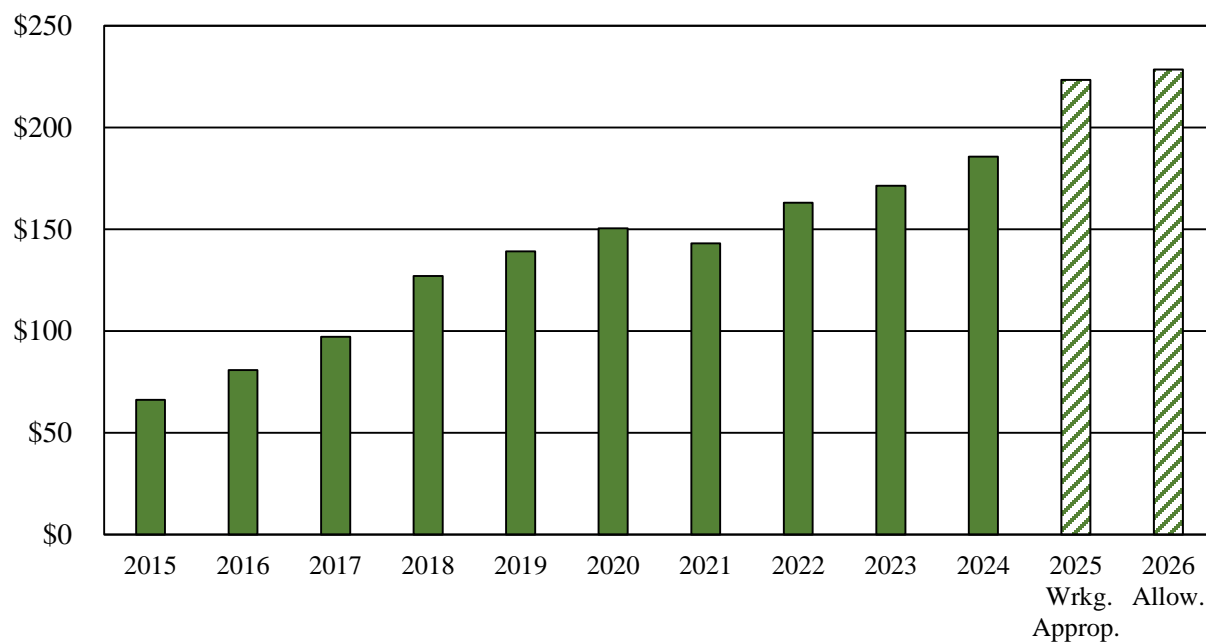
DPSCS: Department of Public Safety and Correctional Services

Source: Department of Budget and Management

Impacts of Vacancies on Overtime

The amount of funds required for overtime earnings has grown from under \$100 million in fiscal 2017 to approximately \$223.4 million in the fiscal 2025 working appropriation after accounting for proposed deficiencies covering additional overtime costs. **Exhibit 14** shows that the cost of overtime has maintained an upward trajectory since fiscal 2021. The initial fiscal 2025 legislative appropriation of \$172.9 million forecasted a reduction in overtime for the first time in four years. However, the effort was unsuccessful as the fiscal 2026 budget includes proposed deficiency appropriations totaling \$50.5 million to supplement overtime costs. The fiscal 2026 allowance includes \$228.5 million for overtime, which is essentially level funding despite the large growth rate of 20% anticipated in fiscal 2025. As of the writing of this analysis, DLS is unable to analyze the number of overtime hours worked in fiscal 2025 due to DPSCS not yet submitting its overtime report and strategic plan that was due on November 1, 2024.

Exhibit 14
Overtime Funding
Fiscal 2015-2026 Allowance
(\$ in Millions)



Note: Actual spending is adjusted to include the amount of Social Security paid on overtime earnings, which are automatically included in the working appropriation and allowance. In fiscal 2024 and 2025, the spent and budgeted costs of the U.S Department of Labor audit settlement were removed for consistency of reporting.

Source: Governor’s Fiscal 2026 Budget Books; Department of Legislative Services

DLS recommends adding budget bill language restricting \$250,000 pending a report on DPSCS’s hiring goals for fiscal 2026 to minimize the need for mandatory overtime in the future. The recommendation appears in the Q00A – DPSCS – Administration analysis.

Recruitment and Retention Strategies

While the department’s previous initiatives to increase hiring and reduce attrition were briefly successful in reversing the net loss of employees, DPSCS continues to show inconsistent success in hiring for various positions. DPSCS saw varying success with translating applications into new hires depending on the type of position, as shown in **Exhibit 15**. CO I applications represented 22.1% of all applications received and resulted in 8.1% of applicants being hired. Comparatively, administrative positions comprised 58.0% of all applications but had a success rate of 2.3% of applicants hired. Nevertheless, CO positions did not have a substantially better success rate despite interviewing and testing a much higher share of applicants. Of those who interviewed for an administrative position, 65% were hired compared to 24% of CO interviewees.

Exhibit 15
Recruitment Success by Employment Category
January 2024 to September 2024

	<u>Correctional Officer I Positions</u>	<u>Other Correctional Positions</u>	<u>Community Supervision Positions</u>	<u>Administrative Positions</u>
Applications	3,944	2,355	1,180	10,332
Tested/Interviewed	1,329	724	388	365
Hired	321	82	33	238
Success Rate	8.1%	3.5%	2.8%	2.3%

Source: Department of Public Safety and Correctional Services, Department of Legislative Services

Outreach Activities

The pandemic prevented one-day in-person hiring events that had been successful in calendar 2019. DPSCS restarted those events with updated eligibility standards for prior substance use that were relaxed in fiscal 2022. DPSCS was represented at 157 recruitment events in the first three quarters of calendar 2024, 17 more than the prior year. Online job boards have also driven application traffic.

Ongoing Departmental Bonuses

Currently, the CO I starting salary is \$53,110 with a new hire bonus of \$5,000 and a regional bonus of \$2,500 for hard-to-recruit regions. In addition, the Retention Longevity Pay Incentive provides up to \$37,500 for COs who have 20 years of service and are eligible to retire but work 4 additional years. That bonus was expanded twice to serve more DPSCS employees, including community supervision agents and mental health employees. Employees may also receive \$500 referral bonuses and \$1,000 specialty bonuses for obtaining certifications in specialized skills like contraband interdiction and special operations.

Salary and Step Increases

Salary and step increases have a strong effect on recruitment and retention efforts. After one year at the CO I level, employees are promoted to CO II and receive a 6% salary increase on top of any cost-of-living adjustments (COLA) or step increases. Employees who are unrepresented received a \$1,500 bonus, a 1% COLA, and a 2.4% increment adjustment in January 2022 as well as a 3% COLA and 2.4% increment adjustment in July 2022 for a total of nearly 9%. On top of these increases, an additional 4.5% COLA was added in fiscal 2023, a 2% COLA in fiscal 2024, a 3% COLA in fiscal 2025, and a 1% COLA is budgeted in the fiscal 2026 allowance.

DPSCS employees represented by the American Federation of State, County, and Municipal Employees (AFSCME) (including COs) received a negotiated salary increase of nearly 12% over fiscal 2023 and 2024. Most of the increases took effect in fiscal 2023, with a 2% COLA budgeted in fiscal 2024. In addition, qualifying workers that were part of a grievance over elevated quarantine and response pay received a \$2,500 bonus in January 2022. Moreover, in March 2024, a new three-year contract between the State and AFSCME-represented employees was signed. Workers covered by the contract will receive a step increase and pay increases ranging from 5% to 20% in addition to COLAs for all employees regardless of representation.

Updates

1. Justice Reinvestment Act Implementation Update

The Justice Reinvestment Act (JRA) of 2016 (Chapter 515) is one of the State’s primary statutes addressing criminal justice reform. The JRA includes policy changes designed to reduce prison populations and correctional spending and reinvest the savings in programs that reduce recidivism. The JRA took effect October 1, 2017, and as a result, has produced six years of data as well as significant changes in sentencing, parole, and treatment options for offenders.

Exhibit 16 displays each of the major JRA provisions, definitions, and results.

Exhibit 16
Justice Reinvestment Act – Status Updates
October 2017 to October 2024

	<u>Results</u>	<u>Average 2018-2022</u>	<u>2023</u>	<u>2024</u>	<u>Total (All Years)</u>
Administrative Release: Allows inmates convicted of certain nonviolent offenses to be released on parole after serving one-fourth of their sentence. Victims are notified of the early release and can request a regular parole hearing.	Screened	500	330	155	3,000
	Ineligible	367	149	21	2,204
	Eligible	111	143	42	666
Geriatric Parole: Offenders age 60 and up who were sentenced under Section 14-101 of the Criminal Law Article (and convicted of more than one violent crime and have served at least 15 years) can petition for geriatric parole.	Screened	7	0	0	41
	Ineligible	7	0	0	40
	Eligible	<1	0	0	1
Medical Parole: Inmates or their advocates can petition to be released if they are chronically debilitated or incapacitated and are physically incapable of presenting a danger to society. The Governor has 180 days to deny any approved request.	Screened	95	26	71	569
	Eligible	24	19	16	141
	Deceased	4	4	3	26
	Denied	67	7	29	402
Division of Parole and Probation (DPP) Graduated Sanctions: DPP supervision agents use a matrix to determine the proper sanction against an offender who has violated parole. Noncustodial (nonjail) sanctions are considered. Revocation caps limit the length of incarceration time imposed for violations of parole or probation to 15, 30, or 45 days, respectively, for the first, second, and third violation. Technical violations do not involve arrest, summons, or willfully evading parole/probation supervision.	Received Sanctions	1,289	1,087	931	7,732
Diminution Credits: Expands offender eligibility to earn diminution credits, how many credits can be earned, and for what reasons.	Received Credits	528	544	538	3,168
Earned Compliance Credits: The Justice Reinvestment Act allows individuals on probation and parole to earn credits to reduce their supervision and now requires DPP to automatically transfer nonviolent offenders (who have earned enough credits to satisfy their supervision term) to unsupervised probation or parole where they will not be required to report regularly or pay supervision fees.	Received Credits	52,005	43,872	46,131	312,029
Certificates of Rehabilitation: Allows nonviolent offenders to apply for a certificate of completion to restore their rights to obtain certain professional certifications.	Applied	11	6	1	64
	Denied	4	4	1	24
	Approved	7	2	0	39

Source: Department of Public Safety and Correctional Services; Department of Legislative Services

Estimated Justice Reinvestment Act Total Cost Avoidance: \$5.4 Million

Estimating the impact of the JRA on the DPSCS budget and operations is difficult and has been stated as such in the past by the department as well as in other states and jurisdictions where similar legislation was enacted. However, because the JRA is designed to further reduce inmate populations and apply those savings (from fewer inmates), estimated cost savings can be quantified in terms of cost avoidance. In other words, as specific inmates have reduced sentence time due to JRA provisions, administrators can determine exactly how many fewer days inmates are serving and calculate the savings to the State.

In this context, variable costs are those specific costs to DPSCS that are impacted the most by a change in inmate population such as food, laundry/uniform expenses, etc. Medical care is no longer included in this calculation because the current inmate medical contract does not change with the population, causing JRA savings estimates to fall below their potential. The fiscal 2024 inmate variable cost was \$3,901.85 per offender per year, or \$10.69 per offender per day. Overall, DPSCS and DLS determined the following for the sixth year of JRA implementation, October 1, 2023, through September 30, 2024.

- ***Administrative Release:*** Resulted in 20,246 fewer days served by inmates.
- ***Diminution Credits:*** 55,745 fewer days served.
- ***Medical Parole:*** 21,442 fewer days served.
- ***Total Days Avoided:*** 97,433 fewer days served.
- ***ADP Avoidance:*** 267 fewer inmates in custody on an average day.
- ***Fiscal 2024 JRA Direct Cost Avoidance:*** \$1,041,559

The fiscal 2026 allowance for the Governor’s Office of Crime Prevention and Policy includes \$11.1 million in grant funding through the Performance Incentive Grant Fund. This fund supports State, local, and nonprofit projects that reduce Maryland’s State and local incarcerated population through appropriate diversion, deflection, service provision, and recidivism reduction resources. The office calculates the amount budgeted each year by multiplying the total cumulative reduction in the State correctional population since October 2017 by the variable inmate cost.

Appendix 1
2024 Joint Chairmen’s Report Responses from Agency

The 2024 *Joint Chairmen’s Report* (JCR) requested that DPSCS prepare one overview report. Electronic copies of the full JCR responses can be found on the DLS Library website.

- **JRA Report:** DPSCS provided an update on the implementation of the JRA, including the number of offenders petitioning and approved for JRA provisions and the annual JRA cost avoidance estimate. In fiscal 2024, the JRA resulted in 136 fewer inmate years served and resulted in \$1.04 million in direct cost avoidance. Further information regarding the JRA can be found in Update 1 of this analysis.

Appendix 2
Audit Findings
DPSCS Incarcerated Individual Health Care Contracts

Additional discussion of this audit can be found in Issue 1 of this analysis.

Audit Period for Last Audit:	April 1, 2018 – December 31, 2023
Issue Date:	November 2024
Number of Findings:	9
Number of Repeat Findings:	0
% of Repeat Findings:	0%
Rating: (if applicable)	n/a

- Finding 1:** DPSCS did not structure the medical and mental health procurements to ensure that it obtained adequate health care services for incarcerated individuals and could not justify that the payment structure was the most advantageous to the State.
- Finding 2:** DPSCS awarded the medical and mental health contracts despite significant concerns identified with the contract proposals. DPSCS did not disclose the concerns to BPW and did not develop a contingency plan in the event the contractors were unable to fulfill the contract requirements.
- Finding 3:** DPSCS did not adequately monitor health care contractors to ensure critical health examinations were completed within the required timeframes.
- Finding 4:** DPSCS did not have comprehensive procedures to ensure that the medical contractor properly and timely resolved complaints filed by incarcerated individuals.
- Finding 5:** DPSCS did not verify that the staffing levels reported by the medical and mental health contractors were accurate and did not follow up when errors in the reported data were identified.
- Finding 6:** DPSCS did not have procedures to ensure amounts invoiced and paid for pharmaceuticals reflected actual pharmaceuticals provided by the contractor.
- Finding 7:** Redacted cybersecurity-related finding
- Finding 8:** DPSCS did not document the basis for a \$20 million settlement agreement with the medical contractor that also waived liquidated damages totaling at least \$40.5 million and significantly reduced the staffing requirements. In addition, DPSCS did not obtain BPW approval for the settlement as required.

Q00 – DPSCS – Fiscal 2026 Budget Overview

Finding 9: DPSCS did not assess liquidated damages on the mental health contract as provided for in the contract, and damages assessed on the medical contract were significantly lower than provided for in the related contract.