

**Q00B00**  
**Division of Correction**  
**Department of Public Safety and Correctional Services**

***Operating Budget Data***

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(\$ in Thousands)

	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	<u>FY 02-04</u> <u>Change</u>	<u>FY 05</u>	<u>FY 04-05</u> <u>Change</u>
Operations	\$463,397	\$482,747	\$466,799	\$3,403	\$476,476	\$9,677
Contractual Services	66,498	69,705	73,567	\$7,068	74,814	1,247
Grants	34,098	30,852	34,888	\$790	34,912	25
FY 2004 Deficiencies	0	0	1,971	\$1,971	0	-1,971
Contingent & Back of Bill Reductions	0	0	0	\$0	-549	-549
<b>Adjusted Grand Total</b>	<b>\$563,993</b>	<b>\$583,304</b>	<b>\$577,225</b>	<b>\$13,232</b>	<b>\$585,653</b>	<b>\$8,428</b>
General Funds	497,875	517,092	508,362	\$10,487	518,625	10,263
FY 2004 Deficiencies	0	0	1,971	\$1,971	0	-1,971
Contingent & Back of Bill Reductions	0	0	0	\$0	-549	-549
<b>Adjusted General Funds</b>	<b>\$497,875</b>	<b>\$517,092</b>	<b>\$510,333</b>	<b>\$12,458</b>	<b>\$518,076</b>	<b>\$7,743</b>
Special Funds	54,791	55,839	55,808	\$1,017	57,170	1,362
Federal Funds	6,120	5,659	4,900	-\$1,220	4,898	-2
Reimbursable Funds	5,207	4,714	6,184	\$977	5,510	-675
<b>Adjusted Grand Total</b>	<b>\$563,993</b>	<b>\$583,304</b>	<b>\$577,225</b>	<b>\$13,232</b>	<b>\$585,653</b>	<b>\$8,428</b>
<b>Annual % Change</b>		<b>3.4%</b>	<b>-1.0%</b>		<b>1.5%</b>	

- Cost containment during fiscal 2003 and 2004 resulted in reductions of \$7.0 million in statewide staffing, transit subsidy, custody overtime, equipment, and other operating categories.
- The fiscal 2004 deficiency request is approximately \$2.0 million and is primarily attributable to fuel and utilities costs and inmate medical costs.
- The increase in the fiscal 2005 allowance is attributable to restoration of cost containment (\$2.6 million), lower turnover expectancy (\$2.0 million), regular earnings (\$5.0 million), contractual employee payroll (\$1.0 million), offset by fiscal 2004 deficiency requests and other categories.

Numbers may not sum to total due to rounding.

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## ***Personnel Data***

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	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	<u>FY 02-04</u> <u>Change</u>	<u>FY 05</u>	<u>FY 04-05</u> <u>Change</u>
Regular Positions	7,651.5	7,528.5	7,264.5	-387.0	7,274.5	10.0
Contractual FTEs	46.5	34.2	82.1	35.6	94.8	12.7
<b>Total Personnel</b>	<b>7,698.0</b>	<b>7,562.7</b>	<b>7,346.6</b>	<b>-351.4</b>	<b>7,369.3</b>	<b>22.7</b>

### ***Vacancy Data: Regular Positions***

Turnover Expectancy	232.46	3.20%
Positions Vacant as of 12/31/03	258.00	3.55%

- The division's regular personnel complement was reduced by 387 positions between fiscal 2002 and 2004 as part of cost containment.
- The division's contractual personnel complement was reduced by 12.3 positions between fiscal 2002 and 2003 but was restored in fiscal 2004.
- The fiscal 2005 allowance increases the division's regular personnel complement by 10 positions to staff the new minimum security correctional facility on the Eastern Shore which will open in fiscal 2005.
- The fiscal 2005 allowance increases the division's contractual personnel complement by 12.6 full-time equivalents, representing an increase of 26.0 contractual teachers (part of the RESTART initiative) and a reduction of 11.4 contractual correctional officers and 2.0 clerk typists.

## *Analysis in Brief*

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### Major Trends

***Population and Violence Increases:*** The division's inmate population continues to increase, as does the number of inmate-on-inmate assaults. **The department should be prepared to present information on the number of inmate-on-staff assaults between fiscals 2001 and 2003. The department should also be prepared to discuss the steps taken to reduce the level of violence in the correctional facilities.**

***Sick Leave and Overtime:*** The department has discontinued publishing certain information relating to overtime and sick leave usage and indicates that it misstated the number of sick leave hours used in previous years. **The department should be prepared to present information on the number of overtime hours incurred due to the use of sick leave and how the number is calculated. The department should also be prepared to discuss the understatement of actual number of sick leave hours used. The department should be prepared to discuss the overtime impact of alternative schedules for correctional personnel.**

### Issues

***Local Jail Reimbursements:*** The amount that the department provides to local correctional facilities as part of a statutory reimbursement program continues to increase significantly. Further, the department has been using cash flow techniques to carry forward excess liability into successive fiscal years. This cash flow technique will eventually require a significant appropriation to meet the excess liability. **DLS recommends that the department pay the balance of liability owed to the counties through fiscal 2004 and budget reconciliation language be added that phases the program out over three years.**

***State Use Industries (SUI):*** To compensate for the recent fiscal crisis, legislation has been enacted that transferred \$2.0 million from the SUI special fund to the general fund in fiscal 2002, 2003, and 2004. The special funds cash balance continues to grow despite the transfers. **DLS recommends the adoption of amendments to budget reconciliation legislation that annually requires \$2.0 million to be transferred from the SUI special fund to address the concerns raised by the U.S. Department of Justice and the federal courts.**

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**Recommended Actions**

	<b><u>Funds</u></b>
1. Add budget language to reduce 100 positions based on implementation of post analysis results.	
2. Add budget language to restrict use of general funds to assessing standing populations' amenability to certain treatment.	
3. Add budget language to reduce appropriation based on the failure of House Bill 379.	
4. Reduce overtime.	\$ 700,000
5. Reduce funding for positions based on post analysis results.	2,825,951
<b>Total Reductions</b>	<b>\$ 3,525,951</b>

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**Department of Public Safety and Correctional Services**

***Operating Budget Analysis***

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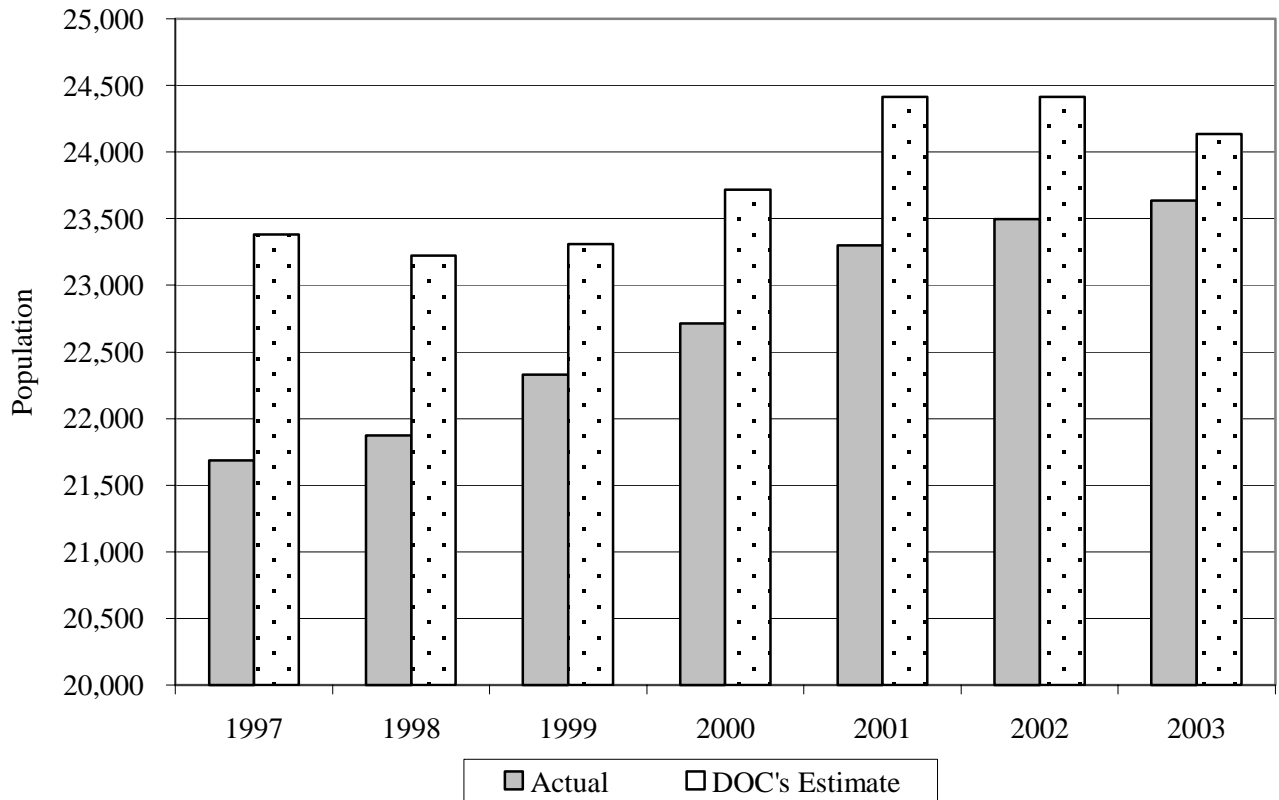
**Program Description**

The Division of Correction (DOC) supervises the operation of State correctional institutions in accordance with applicable State and federal law. The division provides public safety and victim services through information sharing and the supervision of defendants and offenders located in the community, in places of safe, secure, and humane confinement.

**Performance Analysis: Managing for Results**

The average daily population (ADP) has grown by 9.0%, or 1,950 inmates, between fiscal 1997 and 2003 as shown in **Exhibit 1**. This increase, although below DOC's prior year estimates, places additional strain on the facilities and infrastructure. Concurrently, there has been an increase in the number of assaults within the institution. **Exhibit 2** shows that the number of inmate-on-inmate assaults has increased 14.2% between fiscal 2001 and 2003. The division does not publish information on the number of assaults on staff in its facilities. **The department should be prepared to present information on the number of inmate-on-staff assaults between fiscal 2001 and 2003. The department should also be prepared to discuss the steps taken to reduce the level of violence in the correctional facilities.**

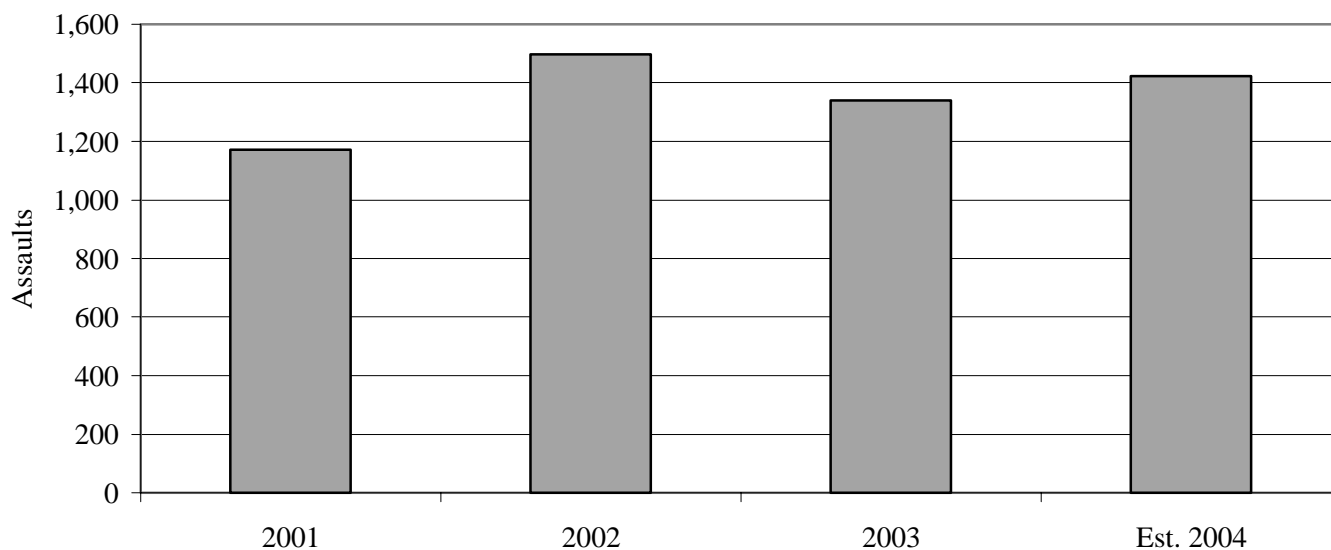
**Exhibit 1**  
**Comparison of Actual and Estimated Population**  
**Fiscal 1997 – 2003**



Source: Department of Public Safety and Correctional Services

The department no longer publishes the information on the number of overtime hours incurred due to the use of sick leave. Further, the department indicates that during the 2003 session, it understated the actual number of sick leave hours used in fiscal 2002 by 447,393 hours. **The department should be prepared to present information on the number of overtime hours incurred due to the use of sick leave and how the number is calculated. The department should also be prepared to discuss the understatement of actual number of sick leave hours used. The department should be prepared to discuss the overtime impact of alternative schedules for correctional personnel.**

**Exhibit 2**  
**Number of Assaults on Inmates**  
**Fiscal 2001 - 2004**



Source: Department of Public Safety and Correctional Services

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## **Fiscal 2004 Actions**

### **Proposed Deficiency**

The fiscal 2005 allowance provides for a total of approximately \$2.0 million in deficiency appropriations. **Exhibit 3** shows the detail for the deficiencies provided in the allowance.

**Exhibit 3**  
**Fiscal 2004 Deficiency Requests**

<u>Facility</u>	<u>Category</u>	<u>Rationale</u>	<u>Amount</u>
Maryland House of Correction	Fuel and Utilities	This deficiency appropriation is necessary to supplement the appropriation for fiscal 2004 to provide funds to cover expenditures for utilities.	\$303,532
Maryland House of Correction	Contractual Services	This deficiency appropriation is necessary to supplement the appropriation for fiscal 2004 to provide funds to cover the increased cost of the inmate medical contract related to the increase in the Consumer Price Index.	687,635
Metropolitan Transition Center	Fuel and Utilities	This deficiency appropriation is necessary to supplement the appropriation for fiscal 2004 to provide funds to cover expenditures for utilities.	408,074
Maryland Correctional Institution – Hagerstown	Fuel and Utilities	This deficiency appropriation is necessary to supplement the appropriation for fiscal 2004 to provide funds to cover expenditures for utilities.	<u>571,900</u>
<b>Total</b>			<b>\$1,971,141</b>

Source: Department of Budget and Management

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**Impact of Cost Containment**

The fiscal 2004 cost containment is attributable to reductions in custody overtime (approximately \$2.3 million) and in equipment (approximately \$312,000).

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**Governor's Proposed Budget**

**Exhibit 4** shows that the fiscal 2005 allowance provides an increase of approximately \$8.4 million, or 1.5% above the fiscal 2004 working appropriation. The increase is primarily attributable to increments and other compensation, turnover and restoration of cost containment, other fringe benefits, contractual employees, supplies and materials, and contractual services. The increases were offset by decreases in health insurance expenditures, equipment, fuel and utilities, and motor vehicles categories.

**Impact of Cost Containment**

The fiscal 2005 allowance reflects the elimination of \$619,224, the appropriation for matching employee deferred compensation contributions up to \$600, contingent upon enactment of a provision in the budget reconciliation legislation.

**Exhibit 4**  
**Governor's Proposed Budget**  
**Division of Correction**  
(\$ in Thousands)

	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05</u>	<u>FY 04-05</u>	<u>FY 04-05</u>
	<u>Actual</u>	<u>Approp.</u>	<u>Allowance</u>	<u>Change</u>	<u>% Change</u>
General Funds	\$517,093	\$508,362	\$518,625	\$10,263	2.0%
FY 2004 Deficiencies	0	1,971	0	-1,971	
Contingent & Back of Bill Reductions	0	0	-549	-549	
<b>Adjusted General Funds</b>	<b>\$517,093</b>	<b>\$510,333</b>	<b>\$518,076</b>	<b>\$7,743</b>	<b>1.5%</b>
Special Funds	\$55,839	\$55,808	\$57,170	\$1,362	2.4%
Federal Funds	\$5,659	\$4,900	\$4,898	-\$2	0.0%
Reimbursable Funds	\$4,714	\$6,184	\$5,510	-\$675	-10.9%
<b>Adjusted Grand Total</b>	<b>\$583,304</b>	<b>\$577,225</b>	<b>\$585,653</b>	<b>\$8,428</b>	<b>1.5%</b>

**Where It Goes:**

**Personnel Expenses**

New positions .....	311
Increments and other compensation .....	4,954
Employee and retiree health insurance .....	-7,483
Turnover adjustments and restoration of cost containment.....	4,887
Workers' compensation premium assessment.....	3,299
Other fringe benefit adjustments .....	774

*Analysis of the FY 2005 Maryland Executive Budget, 2004*

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**Where It Goes:**

**Other Changes**

RESTART/drug treatment .....	3,100
Equipment .....	-277
Other .....	-793
Fuel and utilities* .....	-752
Contractual services* .....	560
Motor Vehicles .....	-152
<b>Total</b>	<b>\$8,428</b>

\*Numbers include fiscal 2004 deficiency

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

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## *Issues*

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### **1. Local Jail Reimbursements**

#### **Background**

One of the division's expenditures with the largest annual increase is the reimbursement to the local jurisdictions for certain operating expenses. A 1986 statutory change altered the minimum period of time used for sentencing inmates to local correctional facilities. Before the change, inmates sentenced to a term of confinement of more than 90 days were incarcerated in a State correctional facility. After the change was phased in, an inmate sentenced to a term of incarceration of less than 12 months was placed in a local correctional facility.

To compensate the local jurisdictions for the statutory change, the legislation allowed the counties to choose one of two methods of reimbursement for operating expenses, which are paid through DOC's budget. These payments are commonly referred to as HB 474 payments (named after the legislation that created the program). If an inmate is confined to a local correctional facility for more than 91 days and less than 365 days, the reimbursement rate is 50% of the actual operating costs for eligible confinement days between the 91st day and the 365th day. To qualify for an 85% reimbursement rate, a local jurisdiction must subtract the actual number of eligible days in the current fiscal year from the average number of days for fiscal 1984, 1985, and 1986 (these were the three years just prior to implementation). The department indicates that since records for the 1984 – 1986 periods are not available, no county receiving the 50% reimbursement rate for at least the past 10 years has changed to the 85% reimbursement rate. **Exhibit 5** shows the reimbursement amounts for counties that received the 85% reimbursement rate and the reimbursement amount if the county had received the 50% reimbursement rate.

**Exhibit 6** shows that the actual liability has grown 59.2%, or \$7.8 million between fiscals 2000 and 2003. The department indicates that three factors have driven the substantial increase in reimbursement rates: the increase in local jail populations, the increase in the number of eligible days, and the increase in local jail operating costs. Given the reimbursement program's 18-year phase-in, the county governments have had ample opportunity to develop mechanisms to assimilate the operating costs of the increased population without the current magnitude of State support. Further, the 50% – 85% subsidy provides no incentive for local correctional facilities to identify operational efficiencies that can lead to lower costs.

**Exhibit 5**  
**Reimbursements for Counties at the 85% Rate**  
**Fiscal 2003**

<u>County</u>	<u>Actual Reimbursement Received in FY 03</u>	<u>Reimbursement at the 50% rate</u>	<u>Difference</u>
Charles	\$825,251	\$485,442	(\$339,809)
Dorchester	298,902	175,825	(123,077)
Harford	2,572,651	1,513,324	(1,059,327)
Worcester	299,794	176,349	(123,445)
<b>Total</b>	<b>\$3,996,598</b>	<b>\$2,350,940</b>	<b>(\$1,645,658)</b>

Source: Department of Public Safety and Correctional Services

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**Exhibit 6**  
**Department of Public Safety and Correctional Services**  
**Three-year Analysis – HB 474**

	<u>FY 00</u> <u>Liability</u>	<u>FY 01</u> <u>Liability</u>	<u>FY 02</u> <u>Liability</u>	<u>FY 03</u> <u>Liability</u>	<u>Estimated</u> <u>FY 04</u> <u>Liability</u> <u>(FY 03 + 3%)</u>
Allegany	\$159,402	\$116,997	\$202,329	\$222,105	\$228,768
Anne Arundel	957,092	1,845,694	1,451,570	3,328,167	3,428,012
Baltimore County	1,733,174	1,948,677	2,175,253	2,254,498	2,322,133
Calvert	351,484	562,568	425,314	561,676	578,527
Caroline	85,190	87,953	155,993	163,376	168,278
Carroll	396,506	343,540	273,649	302,410	311,482
Cecil	15,216	32,756	27,414	32,943	33,931
Charles	549,120	650,483	664,524	822,738	847,420
Dorchester	195,637	251,635	285,017	298,902	307,869
Frederick	951,613	1,219,493	1,256,470	1,340,539	1,380,755
Garrett	33,584	65,909	99,922	94,396	97,228
Harford	2,247,132	2,395,751	2,205,085	2,572,651	2,649,830
Howard	526,557	651,407	569,669	574,172	591,397
Kent	91,059	123,751	101,844	147,378	151,799
Montgomery	1,836,823	1,401,024	2,380,092	3,967,280	4,086,298
Prince George's	1,242,916	1,825,415	2,229,477	2,216,097	2,282,580
Queen Anne's	112,788	132,960	166,176	180,987	186,417
Somerset	155,863	156,964	176,826	178,491	183,845
St. Mary's	386,202	461,120	484,273	509,449	524,732
Talbot	45,956	49,966	68,787	83,754	86,266
Washington	413,354	529,294	511,904	550,616	567,135
Wicomico	240,608	275,648	259,625	181,377	186,818
Worcester	390,068	399,460	270,400	299,794	308,788
<b>Total</b>	<b>\$13,117,344</b>	<b>\$15,528,466</b>	<b>\$16,441,614</b>	<b>\$20,883,795</b>	<b>\$21,510,308</b>

Source: Department of Public Safety and Correctional Services

**Correctional Officer Salaries**

The local jail operating costs, like the State's correctional costs, are primarily driven by personnel expenditures. **Exhibit 7** shows that the average salary range for a correctional officer in a local correctional facility begins \$700 more and ends \$286 more than the State's correctional officer I salary range. Of the counties responding to the survey, 13 counties have a higher starting salary and

*Analysis of the FY 2005 Maryland Executive Budget, 2004*

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12 have a higher ending salary. In essence, the State is subsidizing the ability of the local jurisdictions to recruit the State's correctional officers. This is particularly true in the Central Maryland, Eastern Shore, and Western Maryland regions where there are State and local correctional facilities.

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**Exhibit 7**  
**Correctional Officer Salary Range by Jurisdiction**

	<u>Minimum</u>	<u>Maximum</u>
Allegany*	26,245	\$45,182
Anne Arundel*	29,148	47,507
Baltimore County	28,791	36,543
Calvert	33,387	49,524
Caroline	22,970	31,985
Carroll	33,134	47,486
Cecil	26,624	44,200
Frederick	29,838	47,741
Garrett	24,590	35,000
Harford	30,430	37,918
Howard	30,306	44,720
Kent	20,729	48,857
Montgomery	31,850	52,416
Prince George's	29,927	50,623
Queen Anne's	27,212	38,412
St. Mary's	29,141	34,715
Somerset	18,820	30,076
Talbot	24,000	37,398
Washington*	32,978	32,978
Wicomico	23,038	45,250
<b>Average</b>	<b>\$27,658</b>	<b>\$41,927</b>
State Correctional Officer I	26,958	41,641
<b>Difference</b>	<b>(\$700)</b>	<b>(\$286)</b>

Note: Data for Charles, Dorchester, and Worcester counties was not available.

\*Counties in which there are State-operated correctional facilities.

Source: Compensation Survey of Maryland Governments: Fiscal Year 2003

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## **Liability Financing**

The department pays the local jurisdictions' estimated payments each quarter during a fiscal year. At the conclusion of the fiscal year, the department audits the local jurisdictions' records to determine the actual liability. The department must reimburse the local jurisdictions for any unpaid liability by September following the close of the fiscal year. The department's appropriation for reimbursements has been insufficient to meet liabilities. **Exhibit 8** shows that since fiscal 2001, the department has been carrying excess liabilities into each successive fiscal year.

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### **Exhibit 8 Departmental Liabilities Fiscal 2001 – 2003**

	<b><u>FY 01 Carryover</u></b>	<b><u>FY 02 Carryover</u></b>	<b><u>FY 03 Carryover</u></b>
Allegany	(\$76,132)	\$71,197	\$133,302
Anne Arundel	354,128	-444,301	2,203,865
Baltimore County	-99,771	178,567	673,065
Calvert	161,233	-133,452	228,224
Caroline	-21,077	64,916	68,293
Carroll	-79,962	-66,314	116,096
Cecil	7,208	-10,378	6,565
Charles	73,917	14,441	319,692
Dorchester	24,362	4,379	103,281
Frederick	382,685	99,156	79,695
Garrett	6,404	31,326	5,722
Harford	1,270,245	-19,670	1,032,980
Howard	65,172	-85,159	89,013
Kent	15,162	-32,994	54,384
Montgomery	-741,879	958,214	2,446,506
Prince George's	468,744	398,221	454,317
Queen Anne's	18,720	24,896	76,631
Somerset	-526	16,300	54,791
St. Mary's	52,126	6,398	155,847
Talbot	-19,535	9,252	33,005
Washington	103,483	-17,324	213,293
Wicomico	-66,008	-47,346	-25,969
Worcester	-35,976	-130,576	49,218
<b>Total</b>	<b>\$1,862,722</b>	<b>\$889,749</b>	<b>\$8,571,817</b>

Source: Department of Public Safety and Correctional Services

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**Exhibit 9** shows that the appropriation is approximately \$19.2 million below the adequate level to fund the increasing liability. When the department's estimated 3% annual liability increases are considered, the total liability will have grown by 42.7% between fiscal 2001 and 2005, while the appropriation has grown by only 21.0%. The combination of insufficient base funding and incongruent growth rates suggests that if the department's estimated liability increase rate is incorrect, the State could be required to divert funds from other sources to support the higher salaries and operating costs for the local correctional facilities.

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**Exhibit 9**  
**Underfunding for HB 474 Payments through Fiscal 2005**

	<u>Base</u> <u>Appropriation</u>	<u>Liability</u>	<u>Difference</u>
Fiscal 2004*	\$16,470,987	\$21,510,309	-\$5,039,322
Fiscal 2005*	16,470,987	22,155,618	-5,684,631
<b>Total Fiscal 2004 – 2005</b>	<b>\$32,941,974</b>	<b>\$43,665,927</b>	<b>-\$10,723,953</b>
Prior Year Carryover and Liability	13,214,987	21,786,804	-8,571,817
 <i><b>Total Underfunding</b></i>	 <i><b>\$46,156,961</b></i>	 <i><b>\$65,452,731</b></i>	 <i><b>(\$19,295,770)</b></i>

\*Department of Public Safety and Correctional Services estimate

Source: Department of Public Safety and Correctional Services

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The department has been using a cash flow technique to compensate for the under funding. For example, the department carried forward the \$1.9 million fiscal 2001 excess liability into fiscal 2002. The department used the appropriation for fiscal 2002 to pay the fiscal 2001 excess liability in addition to the normal payments for fiscal 2002. That results in an automatic deficit for fiscal 2002. The deficit is exacerbated by the excess liability found after the fiscal 2002 audit. The fiscal 2001 excess liability carried forward into fiscal 2002 and the regular excess liability for fiscal 2002 are carried forward into fiscal 2003 and paid with the 2003 appropriation. The result of this cash flow technique is that eventually the department will run out of money in a current fiscal year to pay the past liability.

When this program was developed, this magnitude of liability was unanticipated. **Exhibit 10** shows the estimated fiscal impact when the program was originally approved by the legislature. The current expenditure is 534.5% above the original fiscal estimate. **DLS recommends that the department pay the balance of liability owed to the counties through fiscal 2004 and budget reconciliation language be added that phases the program out over three years.**

**Exhibit 10**  
**Department of Public Safety and Correctional Services**  
**Estimated Fiscal Impact by Jurisdiction of HB 474 (1986)**

	<u>FY 1988</u>	<u>FY 1989</u>	<u>FY 1990</u>
Allegany	\$55,353	\$81,402	\$104,194
Anne Arundel	190,970	221,193	249,324
Baltimore County	633,064	752,882	859,146
Calvert	125,018	127,999	130,981
Caroline	14,736	46,426	77,376
Carroll	101,735	104,792	107,848
Cecil	113,934	144,883	209,866
Charles	89,042	113,698	135,160
Dorchester	24,383	26,629	28,875
Frederick	82,022	83,651	85,280
Garrett	30,292	36,220	44,378
Harford	83,520	85,735	87,949
Howard	106,212	124,570	142,928
Kent	16,152	20,202	23,002
Montgomery	767,530	776,986	784,274
Prince George's	121,770	311,190	487,080
Queen Anne's	9,308	21,718	31,025
Somerset	9,810	15,231	36,411
St. Mary's	30,251	33,331	26,331
Talbot	15,146	29,710	39,613
Washington	79,680	82,268	84,856
Wicomico	15,058	44,279	71,953
Worcester	37,934	49,434	59,632
<b>Total</b>	<b>\$2,752,920</b>	<b>\$3,334,429</b>	<b>\$3,907,482</b>

Source: Department of Legislative Services Fiscal Note for HB 474 (1986)

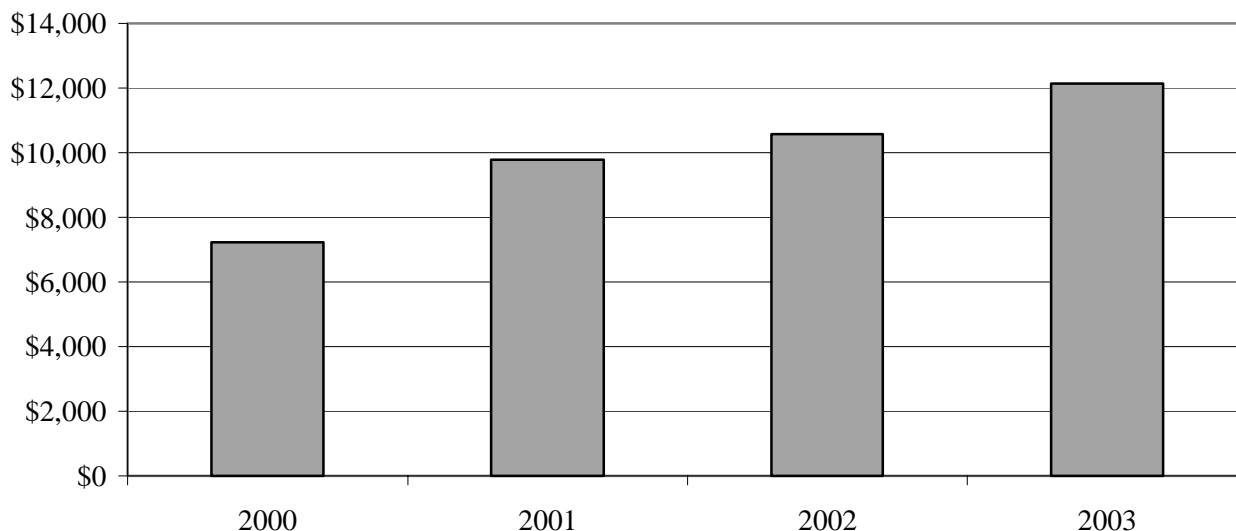
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## 2. State Use Industries

State Use Industries (SUI) provides work and job training for inmates incarcerated in DOC. SUI produces goods and supplies services at a cost that does not exceed the prevailing average market price. These goods and services are used by local, State, and federal agencies. They are also available for purchase by charitable, civic, educational, fraternal, or religious organizations.

In an effort to balance the budget during the recent fiscal crisis, \$2.0 million in special funds was transferred from SUI's fund balance to the general fund in fiscal 2002, 2003, and 2004. The Fund Transfers Act of 2004 (SB 509) proposes to transfer \$2.0 million in special funds from SUI to the

**Exhibit 11**  
**SUI Cash Balance at the End of the Year**  
**Fiscal 2000 - 2003**  
**(\$ in Thousands)**

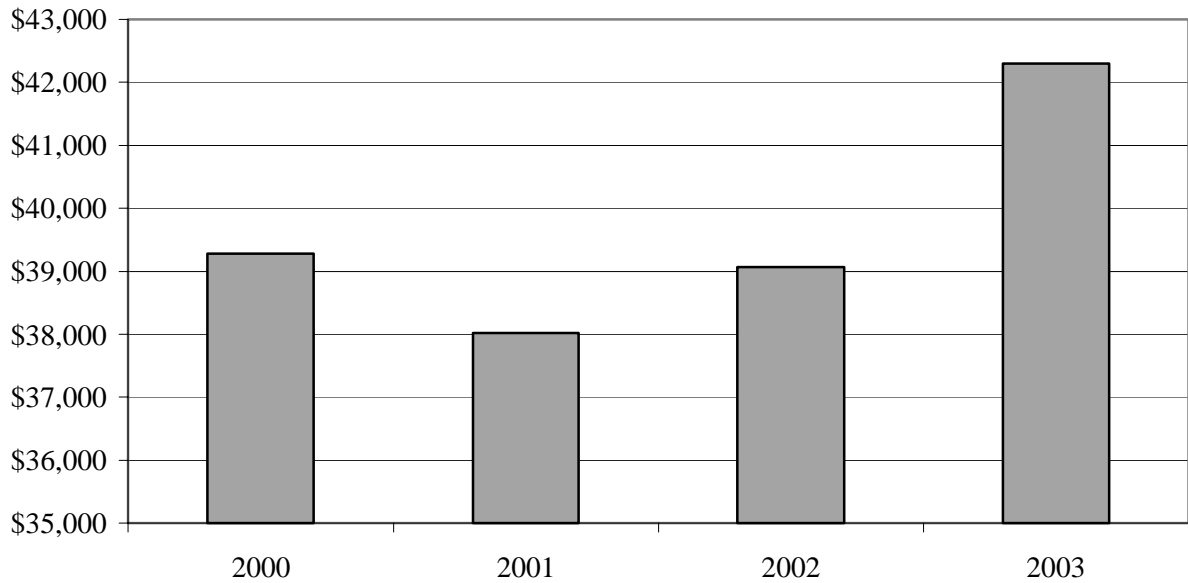


Source: Department of Budget and Management Budget Books

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general fund to balance the fiscal 2005 budget. **Exhibit 11** shows that even after the transfers, SUI has maintained an increasing cash balance. The balance has increase 67.7% between fiscal 2000 and 2003. **Exhibit 12** shows SUI's receipts from customers. Customer receipts have increased by 7.7%, or \$3.0 million between fiscal 2000 and 2003. The department has submitted a bill (HB 887) that permits SUI special funds to be used to help improve the employability of DOC inmates. **DLS recommends the adoption of amendments to budget reconciliation legislation that annually requires \$2.0 million to be transferred from the SUI special fund to address the concerns raised by the U.S. Department of Justice and the federal courts.**

**Exhibit 12**  
**SUI Receipts from Customers**  
**Fiscal 2000 - 2003**  
**(\$ in Thousands)**



Source: Department of Budget and Management Budget Books

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## ***Recommended Actions***

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1. Add the following language:

Provided that the Division of Correction shall abolish 100 vacant correctional officer positions by June 30, 2005.

**Explanation:** The Department of Public Safety and Correctional Services conducted a post analysis to determine the number of correctional officers that are necessary to maintain safe and secure facilities. The result of the analysis showed that there were an excess number of correctional officers in the Division of Correction and the Patuxent Institution. The elimination of the vacant positions will begin to bring the division in line with its actual personnel needs.

2. Add the following language:

Provided that no funds may be expended to expand the educational services within the division. Further provided that \$1,200,000 of general funds may only be expended for the purpose of providing assessments to inmates upon intake into the Division of Correction and for inmates who compose the division's standing population and may not be transferred, by budget amendment or otherwise, to any other purpose. Funds not expended to provide assessments to the inmate population at the end of the fiscal year, shall revert to the general fund. The division shall provide the General Assembly a report of the results of the inmate assessments by November 1, 2004. The report shall detail the number of inmates assessed as well as the aggregate length of stay at the time of the assessment, the remaining sentence, the educational level, the substance abuse considerations, and the method for calculating the inmates' amenability to treatment.

**Explanation:** The Department of Public Safety and Correctional Services has developed a new initiative entitled Reentry Enforcement Services Targeting Addiction, Rehabilitation, and Treatment (RESTART). The RESTART initiative is designed to provide substance abuse, educational, cognitive restructuring, and transitional services to inmates reentering the community. The General Assembly believes that the first fiscally responsible step in ensuring the initiative's success is to determine how many inmates can benefit from the programs proposed in the initiative. The assessment should not only measure the population's programmatic needs, but also the population's willingness to participate in the initiative's components. The report should distinguish the aggregate results for inmates in the standing population from those that are new to the division.

*Q00B00 – DPSCS – Division of Correction*

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Report on the assessment of inmates and their amenability to treatment	DPSCS	November 1, 2004

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

. provided that \$547,082 of this appropriation shall be reduced contingent upon the failure of HB 379.

**Explanation:** The department has indicated that surplus funds in the inmate food and contractual services are available to fund the higher retirement costs and salaries for the transition of the Internal Investigation Unit into the Division of Police Services. The transition is contingent on the passage of House Bill 379 (HB 379). If HB 379 is not enacted, the surplus should be reduced.

	<b><u>Amount Reduction</u></b>	
4. Reduce overtime to reflect implementation of post analysis plan.	\$ 700,000	GF
5. Reduce partial funding for salaries and benefits to permit abolition of 100 vacant regular correctional officer positions through attrition by June 30, 2005. The completion of a post analysis for the State's custody facilities determined that system-wide there were an excess of correctional officers. This reduction brings the division partially in line with its staffing needs.	2,825,951	GF
<b>Total General Fund Reductions</b>	<b>\$ 3,525,951</b>	

## *Current and Prior Year Budgets*

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### Current and Prior Year Budgets Division of Correction (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
<b>Fiscal 2003</b>					
Legislative Appropriation	\$519,335	\$56,788	\$4,162	\$5,504	\$585,789
Deficiency Appropriation	7,257	0	0	0	7,257
Budget Amendments	-514	430	1,657	46	1,619
Cost Containment	-7,000	0	0	0	-7,000
Reversions and Cancellations	-1,985	-1,379	-160	-837	-4,361
<b>Actual Expenditures</b>	<b>\$517,093</b>	<b>\$55,839</b>	<b>\$5,659</b>	<b>\$4,714</b>	<b>\$583,304</b>
<b>Fiscal 2004</b>					
Legislative Appropriation	\$511,474	\$55,808	\$4,900	\$5,934	\$578,115
Cost Containment	-3,112	0	0	0	-3,112
Budget Amendments	0	0	0	250	250
<b>Working Appropriation</b>	<b>\$508,362</b>	<b>\$55,808</b>	<b>\$4,900</b>	<b>\$6,184</b>	<b>\$575,254</b>

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

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## **Fiscal 2003**

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### **Fiscal 2003 Deficiencies**

<u><b>Amount</b></u>	<u><b>Rationale</b></u>
\$6,440,000	Increases in inmate medical services and overtime
215,820	Increases in inmate food service cost
601,000	Additional bed space for female inmates due to population pressures at the Maryland Correctional Institution for Women
<b>\$7,256,820</b>	<b>Total</b>

Source: 2003 Budget Bill

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The cost containment reduction of approximately \$7.0 million is primarily attributable to statewide staffing reductions, transit subsidy reductions, and other operating categories.

A general fund reversion of approximately \$2.0 million is attributable to mandatory reversions for employee and retiree health insurance, employee transit subsidies, and deficiency appropriations for opening a new facility that did not open during the fiscal year.

A cancellation of approximately \$1.4 million of special funds is attributable to the under attainment of inmate welfare funds and other revenue.

The cancellation of approximately \$837,000 is attributable to under attainment of State Highway Administration revenue and lack of funding from the Governor's Office of Crime Control and Prevention.

## **Fiscal 2004**

The fiscal 2004 cost containment is attributable to reductions in custody overtime and in equipment.

**Object/Fund Difference Report  
DPSCS - Division of Correction**

<u>Object/Fund</u>	<u>FY03 Actual</u>	<u>FY04 Working Appropriation</u>	<u>FY05 Allowance</u>	<u>FY04 - FY05 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	7528.50	7264.50	7274.50	10.00	0.1%
02 Contractual	34.18	82.11	94.76	12.65	15.4%
<b>Total Positions</b>	<b>7562.68</b>	<b>7346.61</b>	<b>7369.26</b>	<b>22.65</b>	<b>0.3%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 397,227,140	\$ 383,091,264	\$ 390,452,263	\$ 7,360,999	1.9%
02 Technical & Spec Fees	1,034,436	1,579,345	2,595,766	1,016,421	64.4%
03 Communication	2,249,162	1,560,600	1,882,408	321,808	20.6%
04 Travel	205,181	233,814	169,941	-63,873	-27.3%
06 Fuel & Utilities	25,293,306	23,828,845	24,359,956	531,111	2.2%
07 Motor Vehicles	1,818,024	2,316,694	2,164,196	-152,498	-6.6%
08 Contractual Services	69,705,037	73,566,746	74,814,030	1,247,284	1.7%
09 Supplies & Materials	51,425,458	51,769,536	52,753,929	984,393	1.9%
10 Equip - Replacement	842,084	600,893	499,432	-101,461	-16.9%
11 Equip - Additional	1,495,357	420,607	243,706	-176,901	-42.1%
12 Grants, Subsidies, Contr.	30,852,352	34,887,620	34,912,367	24,747	0.1%
13 Fixed Charges	1,146,831	1,397,739	1,354,492	-43,247	-3.1%
14 Land & Structures	9,832	0	0	0	0.0%
<b>Total Objects</b>	<b>\$ 583,304,200</b>	<b>\$ 575,253,703</b>	<b>\$ 586,202,486</b>	<b>\$ 10,948,783</b>	<b>1.9%</b>
<b>Funds</b>					
01 General Fund	\$ 517,093,035	\$ 508,361,764	\$ 518,624,832	\$ 10,263,068	2.0%
03 Special Fund	55,838,921	55,807,784	57,170,050	1,362,266	2.4%
05 Federal Fund	5,658,623	4,899,996	4,897,952	-2,044	0%
09 Reimbursable Fund	4,713,621	6,184,159	5,509,652	-674,507	-10.9%
<b>Total Funds</b>	<b>\$ 583,304,200</b>	<b>\$ 575,253,703</b>	<b>\$ 586,202,486</b>	<b>\$ 10,948,783</b>	<b>1.9%</b>

Note: The fiscal 2004 appropriation does not include deficiencies and the fiscal 2005 allowance does not reflect contingent reductions.

**Fiscal Summary  
DPSCS - Division of Correction**

<u>Unit/Program</u>	<u>FY03 Actual</u>	<u>FY04 Legislative Appropriation</u>	<u>FY04 Working Appropriation</u>	<u>FY03 - FY04 % Change</u>	<u>FY05 Allowance</u>	<u>FY04 - FY05 % Change</u>
01 General Administration	\$ 5,459,534	\$ 6,524,882	\$ 6,756,540	23.8%	\$ 6,848,367	1.4%
02 Classification, Education & Religious Services	17,991,702	21,630,085	21,177,589	17.7%	21,282,541	0.5%
03 Canine Operations	1,950,777	2,023,165	2,001,890	2.6%	1,935,267	-3.3%
01 Maryland House of Correction	38,958,756	35,885,618	35,427,905	-9.1%	36,423,714	2.8%
02 Maryland House of Correction Annex	35,098,422	33,738,384	33,165,235	-5.5%	33,916,848	2.3%
03 Maryland Correctional Institution - Jessup	24,967,428	24,818,525	24,551,226	-1.7%	24,964,636	1.7%
01 Metropolitan Transition Center	40,536,289	36,282,529	35,937,258	-11.3%	36,777,737	2.3%
03 Maryland Correctional Adjustment Center	15,371,052	15,302,536	15,029,752	-2.2%	15,233,432	1.4%
04 Maryland Reception, Diagnostic, and Classification	28,662,144	28,924,143	28,624,367	-0.1%	29,380,022	2.6%
05 Baltimore Pre-Release Unit	3,299,476	3,275,620	3,245,958	-1.6%	3,268,555	0.7%
06 Home Detention Unit	5,185,545	5,218,483	5,218,483	0.6%	5,340,497	2.3%
07 Baltimore City Correctional Center	8,658,800	8,543,650	8,543,650	-1.3%	8,688,964	1.7%
01 Maryland Correctional Institution - Hagerstown	47,672,333	46,646,274	46,627,969	-2.2%	46,792,878	0.4%
02 Maryland Correctional Training Center	45,508,762	47,313,532	47,284,544	3.9%	47,215,515	-0.1%
03 Roxbury Correctional Institution	33,084,338	34,231,394	34,214,474	3.4%	33,668,466	-1.6%
01 Maryland Correctional Institution for Women	18,455,859	19,113,499	19,092,589	3.5%	20,289,890	6.3%
02 Pre-Release Unit for Women	4,176,924	3,942,911	3,928,135	-6.0%	4,021,224	2.4%
01 General Administration	7,467,240	6,099,987	6,097,493	-18.3%	6,529,911	7.1%
02 Brockbridge Correctional Facility	12,793,403	12,483,333	12,472,264	-2.5%	12,794,312	2.6%
03 Jessup Pre-Release Unit	11,009,320	10,713,099	10,709,686	-2.7%	10,893,265	1.7%
05 Southern Maryland Pre-Release Unit	3,228,271	3,065,470	3,060,139	-5.2%	3,210,960	4.9%
06 Eastern Pre-Release Unit	3,196,310	2,989,078	2,976,926	-6.9%	3,035,192	2.0%
11 Central Laundry Facility	9,834,793	9,373,048	9,284,173	-5.6%	9,286,790	0%
12 Toulson Boot Camp	7,954,760	7,548,457	7,477,541	-6.0%	7,725,926	3.3%
01 Eastern Correctional Institution	68,380,534	67,141,455	67,092,402	-1.9%	68,836,450	2.6%
02 Poplar Hill Pre-Release Unit	3,259,215	3,186,769	3,186,769	-2.2%	3,312,561	3.9%
01 Western Correctional Institution	38,418,283	37,813,423	37,793,960	-1.6%	38,510,476	1.9%
02 North Branch Correctional Institution	4,210,629	6,220,773	6,209,523	47.5%	6,639,126	6.9%
01 State Use Industries	38,513,301	38,065,263	38,065,263	-1.2%	39,378,964	3.5%
<b>Total Expenditures</b>	<b>\$ 583,304,200</b>	<b>\$ 578,115,385</b>	<b>\$ 575,253,703</b>	<b>-1.4%</b>	<b>\$ 586,202,486</b>	<b>1.9%</b>

General Fund	\$ 517,093,035	\$ 511,473,852	\$ 508,361,764	-1.7%	\$ 518,624,832	2.0%
Special Fund	55,838,921	55,807,783	55,807,784	-0.1%	57,170,050	2.4%
Federal Fund	5,658,623	4,899,995	4,899,996	-13.4%	4,897,952	0%
<b>Total Appropriations</b>	<b>\$ 578,590,579</b>	<b>\$ 572,181,633</b>	<b>\$ 569,069,544</b>	<b>-1.6%</b>	<b>\$ 580,692,834</b>	<b>2.0%</b>
Reimbursable Fund	\$ 4,713,621	\$ 5,933,752	\$ 6,184,159	31.2%	\$ 5,509,652	-10.9%
<b>Total Funds</b>	<b>\$ 583,304,200</b>	<b>\$ 578,115,385</b>	<b>\$ 575,253,703</b>	<b>-1.4%</b>	<b>\$ 586,202,486</b>	<b>1.9%</b>

Note: The fiscal 2004 appropriation does not include deficiencies and the fiscal 2005 allowance does not reflect contingent reductions.