

V10A
Department of Juvenile Services

Operating Budget Data

(\$ in Thousands)

	<u>FY 02</u>	<u>FY 03</u>	<u>FY 02-04</u>		<u>FY 04-05</u>	
			<u>FY 04</u>	<u>Change</u>	<u>FY 05</u>	<u>Change</u>
Operations	\$98,115	\$102,988	\$107,745	\$9,630	\$113,194	\$5,449
Contractual Services	76,183	72,688	69,321	-6,862	76,284	6,963
Grants	1,270	35	198	-1,072	198	0
FY 2004 Deficiencies	0	0	4,000	4,000	0	-4,000
Contingent & Back of Bill Reductions	0	0	0	0	-410	-410
Adjusted Grand Total	\$175,568	\$175,711	\$181,264	\$5,696	\$189,266	\$8,002
General Funds	161,274	158,895	160,871	-403	173,930	13,059
FY 2004 Deficiencies	0	0	4,000	4,000	0	-4,000
Contingent & Back of Bill Reductions	0	0	0	0	-410	-410
Adjusted General Funds	\$161,274	\$158,895	\$164,871	\$3,597	\$173,520	\$8,648
Special Funds	148	115	248	100	248	0
Federal Funds	12,909	14,025	14,769	1,859	15,358	589
Reimbursable Funds	1,236	2,676	1,376	140	140	-1,236
Adjusted Grand Total	\$175,568	\$175,711	\$181,264	\$5,696	\$189,266	\$8,002
Annual % Change		0.1%	3.2%		4.4%	

- Excluding a proposed fiscal 2004 deficiency appropriation, the budget for the Department of Juvenile Services (DJS) grew by a modest \$1.7 million between fiscal 2002 and 2004. In spite of cost containment actions, virtually all of that growth came in fiscal 2004.
- The fiscal 2005 budget includes a deficiency appropriation of \$4 million to offset projected deficits in residential per diems.

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

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- The Governor's fiscal 2005 allowance includes almost \$2.7 million for a variety of initiatives including the expansion of substance abuse programming and community detention/electronic monitoring plus the establishment of two new evening report centers and a new shelter care facility. The allowance also includes over \$5.5 million to fix long-standing funding and infrastructure problems.
- Offsetting some of these increases are a variety of cost containment measures, the largest of which is a reduction in the reliance on contractual support.

Personnel Data

	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	FY 02-04 <u>Change</u>	<u>FY 05</u>	FY 04-05 <u>Change</u>
Regular Positions	2,122.7	1,996.2	1,938.9	-183.8	1,985.9	47.0
Contractual FTEs	119.0	98.4	132.9	13.9	75.0	-57.9
Total Personnel	2,241.7	2,094.6	2,071.8	-169.9	2,060.9	-10.9

Vacancy Data: Regular Positions

Turnover Expectancy	176.92	8.91%
Positions Vacant as of 12/31/03	224.90	11.60%

- Since fiscal 2002, DJS has lost 169.9 full-time equivalent (FTE) positions (a reduction of 183.8 FTE regular positions offset by the addition of 13.9 contractual positions). However, the department added 806.7 FTE positions between fiscal 1998 and 2002 through new initiatives and the opening of three new juvenile justice centers.
- The fiscal 2005 allowance creates 47 FTE regular positions to support a variety of initiatives, but contractual support is sharply reduced (57.9 FTE).

Analysis in Brief

Major Trends

Juvenile Arrest Rates: Trends in juvenile arrest rates continue to be positive, although arrest rates in Maryland continue to be above the national average.

DJS Populations: The total number of complaints handled by DJS in fiscal 2003 fell slightly from fiscal 2002. However, placement in deep-end residential programs, after falling from fiscal 2002 to 2003, is once again on the rise. The pending placement population continues to be a concern.

Staffing Levels: While staffing levels at DJS are in a state of flux as the new juvenile detention facilities begin operation, some deficiencies are apparent.

Outcomes: Recidivism rates reveal mixed results for DJS programming.

Issues

Hickey School: The fiscal 2005 allowance includes additional funding to operate programming at Hickey, and bids are currently being sought to operate programming at that facility effective July 1, 2004. Education responsibility is being transferred to the Maryland State Department of Education, and the fiscal 2005 capital bill includes funding for improvement of the educational facilities.

Update on the Governor's Juvenile Justice Reform Plans: An assessment of the implementation status of the Governor's ambitious juvenile justice reform plans is provided.

Recommended Actions

	<u>Funds</u>	<u>Positions</u>
1. Reduce funding for proposed lease payment agreement based on overstated estimates for information technology equipment.	\$ 40,000	
2. Add budget language restricting the use of general funds appropriated to support programming at the Charles H. Hickey, Jr. School.		
3. Reduce funding for utilities at Victor Cullen.	116,000	

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4.	Delete funding and positions for Ferndale shelter.	430,047	13.0
5.	Delete funding for Drug Court annualization.	36,000	
6.	Delete funding for Drug Court expansion pending an evaluation of current efforts.	552,000	
7.	Delete rent funding for the new evening reporting center in Baltimore City. The programming should take place in State-owned space.	500,000	
8.	Adopt narrative requesting the Department of Juvenile Services to provide detail on staffing levels in the department.		
9.	Adopt narrative requesting the Department of Juvenile Services to report back on efforts to maximize federal fund attainment.		
	Total Reductions	\$ 1,674,047	13.0

Updates

Tracking Outcomes for Youth Service Bureaus: A report on the State's Youth Service Bureaus (YSBs) reveals strengths and weaknesses. The report concludes that the Subcabinet Fund will be assessing the effectiveness of the YSBs.

Implementation of Fiscal 2004 Initiatives: An update of the status of the various initiatives contained in the fiscal 2004 budget is provided.

Implementation of a Wraparound Service Delivery Approach to Youth in the Juvenile Justice System: The wraparound approach to service delivery has long been trumpeted as an effective service delivery system that Maryland should embrace. Progress in doing so has been limited at best. However, there is renewed activity in moving forward to implement such a system.

U.S. Department of Justice Investigation: In 2002 the U.S. Department of Justice announced its intent to investigate conditions at Hickey and Cheltenham. That investigation is ongoing.

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Operating Budget Analysis

Program Description

Functionally, the Department of Juvenile Services (DJS) is broken down into two major areas: Leadership Support and Restorative Services Operations.

The Leadership Support area is essentially headquarters operations that provide guidance and centralized services to the other part of the agency. It consists of three areas:

- **Office of the Secretary** which includes such functions as communications, budget and finance, research, and legal support;
- **Departmental Support** which includes such functions as human resources, capital planning, property management, procurement, information technology, and professional development and training; and
- **Professional Responsibility and Accountability** which includes child advocacy, audits, professional standards, and quality assurance.

The Restorative Services Operations area consists of programs delivering services to youth. It also consists of three areas:

- **Health Services** which provides somatic and mental health, substance abuse, and nutrition services to DJS youth;
- **Residential Services**, including private and State residential facilities as well as related services; and
- **Community Services Supervision**, including intake, probation, aftercare, and community detention utilizing a five-area configuration with field offices throughout the State.

The key goals of the department are public safety, juvenile offender accountability, and the development of a level of competency in juvenile offenders to reduce the risk of recidivism.

Performance Analysis: Managing for Results

The discussion of DJS's program performance centers on three things: what is the population served by DJS and how is that population changing; what staffing resources does DJS have available to serve this population; and what outcomes are being realized.

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Juvenile Arrest Data

As a backdrop for a discussion of activity in DJS, **Exhibit 1** presents certain juvenile arrest data for calendar 1998 through 2002. The data uses distinctions found in the *Uniform Crime Reports*. Part 1 arrests are arrests for murder, manslaughter, rape, robbery, felonious assault, breaking or entering, larceny-theft, motor vehicle theft, and arson. Part 2 arrests are all other arrests and include such things as vandalism, drug abuse violations, weapons offenses, and fraud. The exhibit also distinguishes Part 1 arrests between violent and serious property crimes.

Exhibit 1
Juvenile Arrest Data (Age 10 through 17) – Maryland
Calendar 1998 – 2002

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Ann % Change 1998-2002</u>	<u>Ann % Change 2001-2002</u>
Total Arrests	52,319	48,332	48,167	48,318	46,503	-2.9	-3.8
Arrest Rate	9,216.3	8,247.9	7,877.4	7,674.3	7,269.0	-5.8	-5.3
Part 1 Arrests	16,263	15,045	15,629	14,993	14,526	-2.8	-3.1
Part 1 Arrest Rate	2,864.8	2,567.5	2,556.0	2,381.3	2,270.6	-5.6	-4.6
Part 1 Arrests:							
a. Violent Crimes	3,042	2,995	3,204	3,244	3,081	0.3	-5.0
Violent Crime Rate	535.9	511.1	524.0	515.2	481.6	-2.6	-6.5
b. Property Crimes	13,221	12,050	12,425	11,749	11,445	-3.5	-2.6
Property Crime Rate	2,329.0	2,056.4	2,032.0	1,866.1	1,789.0	-6.4	-4.1
Part 2 Arrests	36,056	33,287	32,538	33,325	31,977	-3.0	-4.0
Part 2 Arrest Rate	6,351.5	5,680.5	5,321.4	5,293.0	4,998.4	-5.8	-5.6

Note: Arrest rates are per 100,000 juveniles age 10 through 17.

Source: U.S. Census; *Uniform Crime Reports*; Office for Children, Youth, and Families; Department of Legislative Services

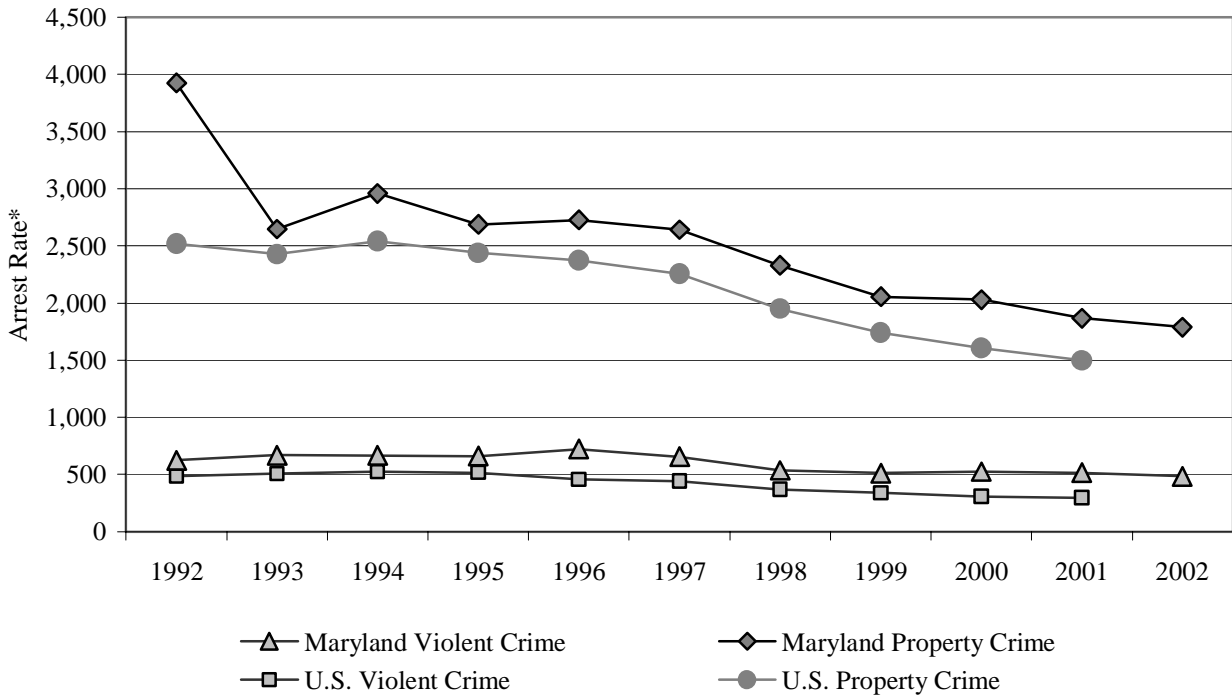
As shown in Exhibit 1, the generally declining trends in arrest rates experienced by the State in recent years continued in 2002. In only one instance – the five-year change in absolute number of arrests for violent crimes – is there any indication of a worsening trend and then only a marginal one. More importantly, the five-year violent crime arrest rate shows a positive trend.

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In terms of DJS workload, the drop in arrest rates from 2001 to 2002 should result in a decline in the number of complaints handled by the department. As shown below, data for the most recently completed fiscal year, which includes six months of arrest data from 2002, does in fact show a decline in the number of complaints handled.

While trends in juvenile arrests are positive, as shown in **Exhibit 2**, Maryland juvenile violent and serious property crime rates remain well above the national average. State to state comparisons while reflecting juvenile behavior, also reflect other local factors (for example, different policing standards, priorities, and reporting) that influence local arrest rates. Nevertheless, it can be noted that Maryland’s juvenile violent and serious property crime rates have declined in a very similar way to the nation as a whole. Maryland’s serious property crime rate is actually declining at a slightly faster rate than the nation as a whole; while the State’s violent crime rate is declining slightly slower than the national average.

Exhibit 2
Juvenile Violent and Serious Property Crime Index
Maryland and the U.S.
1992 – 2002



*Arrest rate per 100,000 juveniles age 10 through 17.

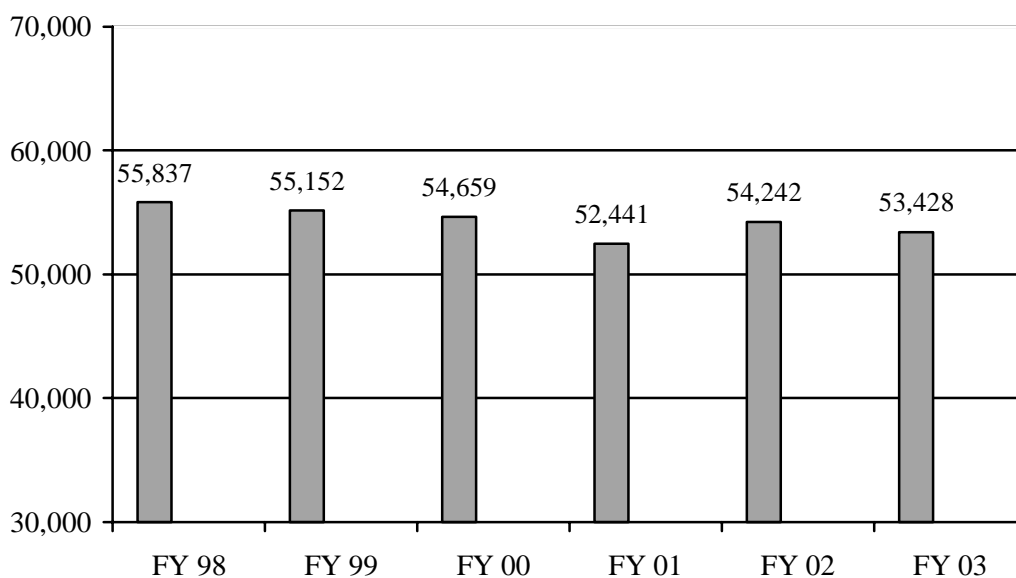
Note: Data for U.S. for 2002 are not available.

Source: U.S. Census; Office for Juvenile Justice and Delinquency Prevention; *Uniform Crime Reports*; Department of Legislative Services

DJS Populations

As shown in **Exhibit 3**, the total number of complaints handled by DJS broadly mirrors the trend in juvenile arrests. Total complaints handled by DJS, which had been slowly falling, increased in fiscal 2002 before falling slightly (1.5%) in fiscal 2003 to a level still above that in fiscal 2001. Fiscal 2003 complaints totaled 53,428.

Exhibit 3
Complaints Received by Department of Juvenile Services
Fiscal 1998 – 2003

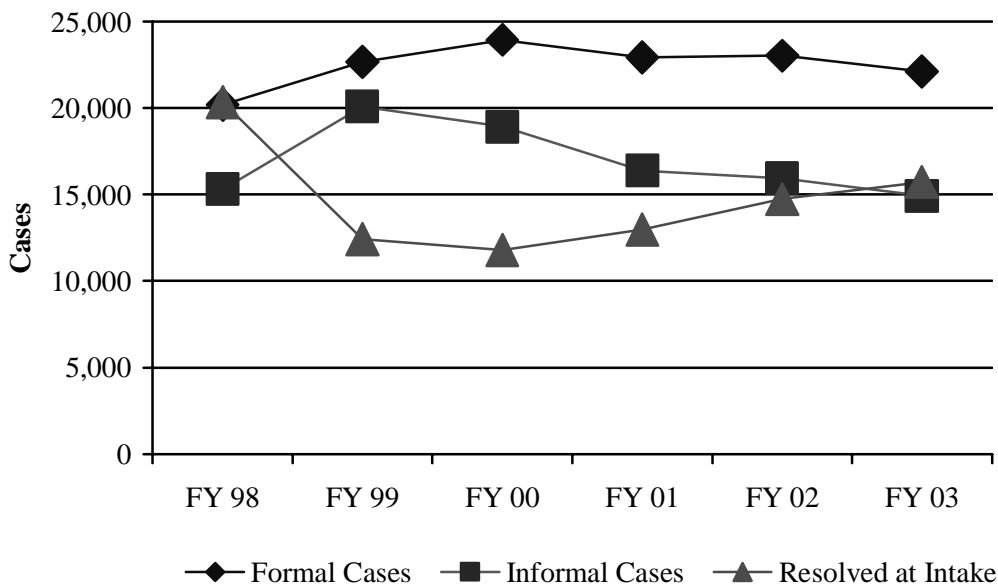


Source: Department of Juvenile Services

Exhibit 4 details the trends in complaint disposition at DJS. There are four points to be made from this exhibit:

- Formal caseloads, those complaints determined by an intake officer as requiring formal court action in order to protect the public and ensure offender accountability, show a small increase from fiscal 1998 to 2003, increasing by an average of 2.3% per year. However, since fiscal 2000 formal caseloads have been slowly falling. Between fiscal 2002 and 2003, such caseloads fell by 3.9%.

Exhibit 4
Department of Juvenile Services Complaint Disposition
Fiscal 1998 – 2003



	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Formal Cases	20,183	22,667	23,955	22,928	23,026	22,127
Informal Cases	15,311	20,075	18,912	16,385	15,936	14,931
Resolve/Intake	20,343	12,410	11,792	12,965	14,747	15,731

Note: In fiscal 2001 through 2003, DJS was not able to confirm the complaint disposition of 163, 533, and 639 complaints respectively. Thus, the sum of the numbers shown in Exhibit 4 for those years does not match the total number of complaints shown in Exhibit 3.

Source: Department of Juvenile Services

- Complaints resolved at intake, those complaints determined by an intake officer to require no further intervention by DJS or the court to protect the public or help the youth, have fallen dramatically in recent years. In fiscal 1997 almost one of every two complaints resolved by DJS was resolved at intake. By fiscal 2000, only one-in-five complaints were resolved at intake underscoring the notion within the juvenile justice system that actions have consequences. However, beginning in fiscal 2001, the number of cases resolved at intake began to increase. The increase between fiscal 2002 and 2003, 6.7%, was less than in the previous year, but nonetheless continues the current trend. While the department has been implementing new risk assessment

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tools so as to focus on those youth who are most likely to benefit from further intervention, those tools have yet to be fully implemented and cannot explain the trend. Other possible explanations include limited community-based intervention resources, a concentration on more serious offenses, and changes in local police activity.

- The trend in complaints resolved at intake is countered by the trend in complaints resolved through informal supervision. Informal supervision occurs when an intake officer determines that the youth, or the youth's family, is required to seek assistance in preventing further legal violations, but where the youth does not require and/or may not benefit from judicial intervention or long-term formal supervision. Just as complaints resolved at intake have increased in recent years, so informal caseloads have fallen and continued to do so between fiscal 2002 and 2003 (6.3%).
- At this time DJS does not know the complaint disposition of 639 complaints received in fiscal 2003, 1.2% of total complaints.

Placement Trends

As shown in **Exhibit 5**, average daily placement trends through the first half of fiscal 2004 show that since fiscal 2001 placements are increasing. However, some interesting trends can be observed in terms of the placement mix:

- The average daily population (ADP) of youth in secure detention or in detention pending placement appears to be falling from the high of fiscal 2003. DJS has been working with the judiciary in Baltimore City in an effort to reduce the use of secure detention and is implementing placement tools and a confinement review process to ensure secure detention is appropriate. Some of this decline may be attributed to those efforts. It will be interesting to see if this effort can be sustained. There have been a number of efforts in recent years to reduce the use of secure detention. In each case, initial gains were visible but then faded away. As seen below, the fiscal 2005 allowance seeks to expand detention alternatives, underscoring this effort.
- In the last months of fiscal 2003, the department began to use electronic monitoring for its pending placement population. This is reflected in the increase in the community detention/electronic monitoring ADP. However, the pending placement population that remains in secure detention facilities has remained unchanged compared to fiscal 2003.
- The ADP for committed care in fiscal 2003, 1,444, fell to its lowest point since fiscal 1999. However, the use of committed care jumped sharply in the first half of fiscal 2004 to an ADP of 1,531. This increase, together with an underfunded base budget, is part of the explanation for DJS's \$4 million deficiency request for per diems and also for the increase in funding in fiscal 2005.

**Exhibit 5
DJS Placement Trends (ADP)
Fiscal 1999 – 2005**

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004 YTD</u>	<u>FY 2005 DJS Est.</u>
Secure Detention/ Pending Placement	433	460	429	413	464	427	381
Community Detention/ Electronic Monitoring	472	543	436	424	534	592	550
Shelter Care	97	94	83	87	61	66	96
Committed Care	1,334	1,452	1,496	1,532	1,444	1,531	1,449
Total	2,336	2,549	2,444	2,456	2,503	2,616	2,500

Note: DJS' fiscal 2005 Managing for Results includes 48 detention beds at Hickey and 24 pending placement beds. The Request for Proposal calls for 48 secure detention/pending placement beds only. The 48 bed number is used in this exhibit.

Source: Department of Juvenile Services; Department of Legislative Services

- A subset of committed care is out-of-state placements. The use of out-of-state placements jumped sharply since the beginning of fiscal 2004. Out-of-state placements averaged 21 on a daily basis from fiscal 2001 through 2003. In the first six months of fiscal 2004 that number rose to an average of 54 and had been steadily climbing, reaching 68 in December. This trend is a sharp reversal from the State's previous efforts to minimize out-of-state placements. DJS notes that this is an attempt to move youth from pending placement and that these youth are difficult to place with in-state providers. However, as noted above, despite these efforts the pending placement population has not visibly shrunk.

Compared to DJS's estimates for populations to be served in fiscal 2005, actual trends indicate that the department's overall estimate would appear to be low. Trends in committed care again raise the question of the adequacy of DJS's budget for committed care, in particular per diem expenditures (see below for further discussion).

The department appears to be underestimating the number of youth in secure detention/pending placement, in particular the pending placement population. The department is hoping that that some of the new programming at Hickey will significantly address the pending placement population, a population that has remained stubbornly high.

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If the secure detention/pending placement population do not fall, DJS will be operating its facilities at maximum planned capacity. For some facilities, for example Cheltenham and Noyes which are operating at significantly above capacity, this would actually mean ADPs that are much lower because the three new facilities, and in particular the Baltimore City Juvenile Justice Center (BCJJC), would be operating at full capacity. However, the operation of BCJJC at full capacity remains problematic not least because of the extent of current vacancies at the facility but also because DJS's track record of operating large facilities has not been good.

Shelter care use has been steadily declining which raises issues as to why the department believes this trend will change. Current use of community detention and electronic monitoring already exceeds anticipated demand.

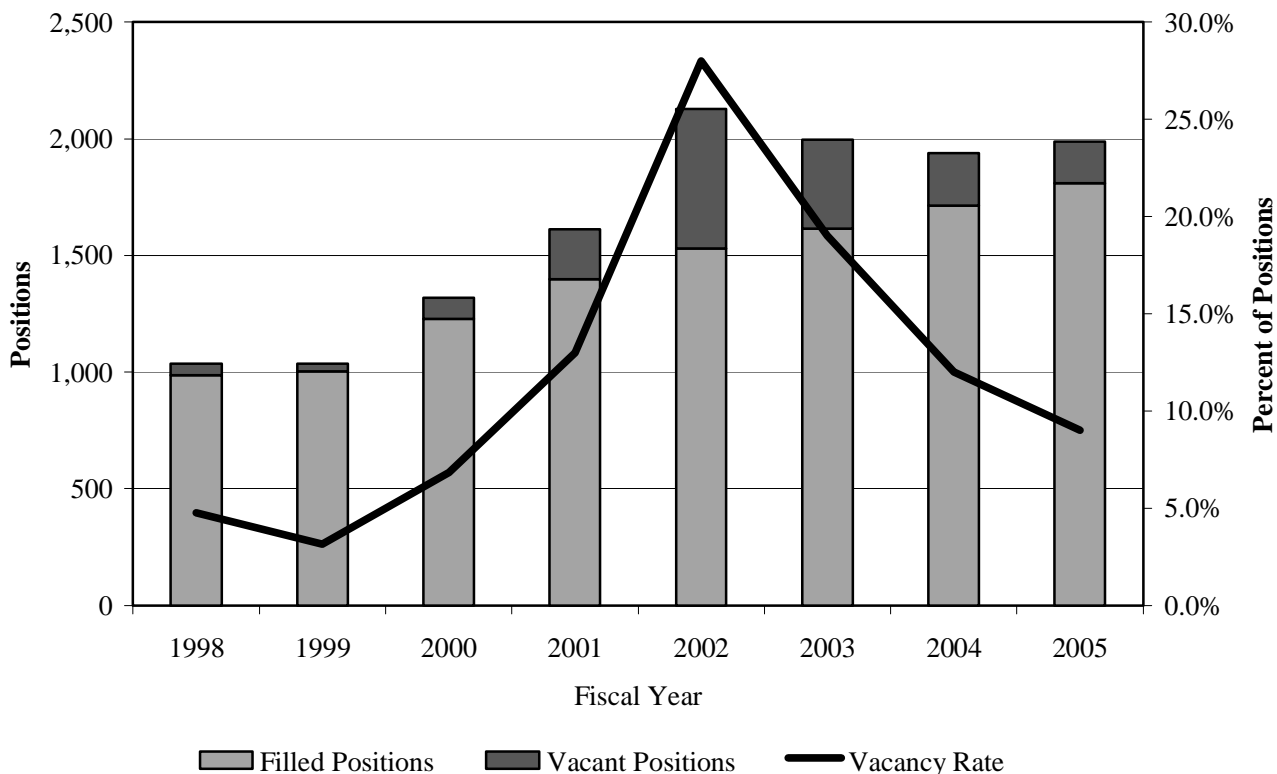
Staffing Levels

One of the questions long asked about DJS is whether it has the resources necessary to fulfill its mission. Certainly, in recent fiscal years, the department has seen a dramatic increase in personnel. Between fiscal 1998 and 2002, full-time equivalent (FTE) employment rose from 1,435 to 2,241.7 positions. The opening of three new detention facilities added 299.2 FTE positions, and a proliferation of initiatives (Spotlight on Schools, Intensive Aftercare, Break the Cycle expansion, and HotSpots expansion) added another 195 FTE positions. Additionally, an effort was made to improve the quality of the workforce by introducing training standards, upgrading juvenile counselors in fiscal 1999, as well as reducing the reliance on contractual employment. Contractual employment was as high as 36.6% in fiscal 1999 before being lowered through a three-year contractual conversion plan to 5% in fiscal 2002.

The imposition of statewide position caps and cost containment has resulted in some reduction in the department's workforce; the Governor's fiscal 2005 allowance provides for a total employment of 2,060.9 FTE positions, 180.8 FTEs (8.1%) below fiscal 2002 levels.

While the workforce was growing, the department was unable to keep pace in filling all the jobs being created by the budget. As shown in **Exhibit 6**, vacancy rates soared to 28% in 2002 from a low of 3.2% in fiscal 1999. The vacancy rates of 2002 and 2003 were artificially inflated by the authorization of positions at the three new juvenile justice centers that remained unfilled because of delays in the opening of those facilities. However, anecdotal evidence points to low entry-level salaries for direct care staff as being a barrier for entry for DJS employment. This appears to be backed up by data in the MFR that shows that in 2003, 30% of all new direct care hires left within one year of their hiring by DJS. Again, anecdotal evidence points to employees being hired by DJS, trained, and then moving on to better-paying positions. Clearly, the proposal in the Governor's budget for an Annual Salary Review (ASR) increase for some DJS direct care staff is intended to address this issue.

Exhibit 6
Department of Juvenile Services: Employment Levels
Fiscal 1998 – 2005



Note: The fiscal 2004 vacancy rate is the working appropriation. The fiscal 2005 vacancy rate is as provided for in the allowance.

Source: Department of Legislative Services

Even with the opening of the new juvenile justice facilities and position cuts, vacancy levels have remained high (11.6% on December 31, 2003), and budgeted turnover will require DJS to keep almost 9% of its positions vacant even if it can attract workers. However, the allowance provides for some level of employment growth.

If the department is able to attract sufficient personnel, does it have enough? This is not a simple question to answer as the department performs a variety of activities that require different staffing levels. Even within similar activities, staffing levels can vary according to a program's focus, treatment philosophy, the quality of interactions between staff and residents, the education and training levels of staff, and the physical plant.

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In terms of finding a benchmark staffing level for each of the different activities, a variety can be identified. For example, DJS's MFR document contains a number of different staffing ratios¹ and staffing ratios can be identified from various other sources. These benchmarks plus how DJS is meeting those benchmarks are presented in **Exhibit 7**.

**Exhibit 7
Staffing Ratios
Various Benchmarks**

<u>Source</u>	<u>Function</u>	<u>Benchmark*</u>	<u>Actual Ratio**</u>
MFR	Residential services (direct care staff:youth)	1:8	1:9
MFR	Informal supervision case management (case manager:youth)	1:50	49% meet standard
MFR	Low/moderate risk probation/aftercare youth case management (case manager:youth)	1:30	39% meet standard
MFR	High risk probation/aftercare youth case management (case manager:youth)	2:30	14% meet standard
MFR	Intensive aftercare case management (case manager:youth)	2:30	100% meet standard
OJJDP Best Practices	Residential services*** youth supervisors (youth supervisor:youth)	1:8****	1:13
COMAR	Residential services teachers (teachers:youth)	1:10	1:10
DJS Directive	Residential services substance abuse counselors (counselors:youth)	1:25	1:22
National Advisory Committee for JJDP	Residential services juvenile counselors (counselors:youth)	1:25	1:18
American Corrections Association	Residential services mental health counselors (counselors:youth)	1:25	1:71

OJJDP = Office for Juvenile Justice and Delinquency Prevention

COMAR = *Code of Maryland Regulations*

*MFR benchmarks are as noted for fiscal 2005.

**Actual ratio is for fiscal 2003 or the most recent data available.

*** Residential Services data is for the facilities prior to the opening of the three new detention facilities.

****DJS benchmark for Cheltenham is for a 1:6 rather than 1:8 ratio based on facility design.

Source: Department of Juvenile Services; Department of Legislative Services

¹ Unfortunately the Department of Legislative Services has not been able to replicate some of the MFR ratios that are presented in the Governor's operating budget books. Part of the problem is the job classifications used in the personnel data base and also the specific population data used by different functions within DJS in developing MFR data.

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A number of points emerge from Exhibit 7:

- In the nonresidential services, DJS is clearly well short of its own stated caseload goals. DJS meets its goals only in the area of intensive aftercare. This represents only a small fraction (14%) of youth in aftercare.
- The trend in probation and aftercare caseloads is negative. The percent of low to moderate risk probation and aftercare youth served at a 1:30 caseload ratio fell from 60% in fiscal 2002 to 39% in fiscal 2003. For high risk youth, only 14% were served at a 2:30 caseload ratio in fiscal 2003 compared to 30% in fiscal 2002. This despite the number of youth on probation and aftercare falling by 17%.
- The trend in informal supervision caseloads is positive. Almost half of the youth in informal supervision were served at a 1:50 caseload ratio in fiscal 2003 compared to only 19% in fiscal 2002.
- Interestingly, in its MFR submission, DJS does not predict any improvement in these ratios in fiscal 2005.
- In residential services, DJS has mixed success in meeting benchmarks. The department falls significantly short in two areas: youth supervisors and mental health counselors, but meets benchmarks for teachers, substance abuse counselors and juvenile counselors.
- Staffing data for each facility reveals variation in staffing between the various facilities although the basic trends noted above generally hold. Staffing levels at Cheltenham are almost uniformly inadequate, and it is little surprise that this facility has received criticism for the care provided there.

The analysis of residential data was done prior to the opening of the three new juvenile justice facilities. As populations served change, staffing levels will need to be realigned. Indeed, as presented in the fiscal 2005 budget, resources at certain facilities, for example Noyes and Waxter, appear inadequate compared to projected demand. Ironically, if the Cheltenham population falls to the level projected, staffing at that facility would then appear too high.

DJS has indicated that it is in the process of reviewing staffing levels and current job classifications for its residential facilities to determine actual need based on projected populations. **The Department of Legislative Services (DLS) recommends that committee narrative be adopted requesting DJS to report back to the committees with its proposed staffing levels once that process is complete.**

If, as it appears from the data, DJS is struggling to meet its own goals in terms of staffing in many of its activities, has this manifested itself in poor outcomes?

Outcomes

DJS is slowly improving its capacity to report outcome data, although the key indicator of offender recidivism is still only available for youth who have been placed in “deep-end” residential placements. While the data prior to 2000 is presented with the caveat that it cannot be reproduced because of issues with the conversion to the Automated Statewide Support and Information System (ASSIST) client management system, as shown in **Exhibit 8**, outcomes are mixed. Recidivism for youth placed in non-secure residential placements shows some level of improvement both over the long- and short-term. Conversely, recidivism for youth served in secure residential placements appears to be worsening both short- and long-term. The apparent lack of improvement in recidivism for youth in the most secure residential programs despite the significant investment in those programs and in improved aftercare and other resources for these youth certainly raises questions about the quality of this investment.

Finally, it should be noted that the recidivism rates noted in Exhibit 8 almost certainly under-report actual recidivism because they do not take into account the transition of older youth from the juvenile to adult criminal justice system. Previous recidivism reports would indicate that many youth, especially those served in secure residential placements, tended to recidivate in the adult system. DJS indicates that it is working with the Department of Public Safety and Correctional Services (DPSCS) to develop the full range of recidivism data.

Fiscal 2004 Actions

Proposed Deficiency

There is one proposed deficiency in the fiscal 2005 budget for DJS: \$4 million to cover higher-than-budgeted residential per diems costs. Per diem and residential co-funded budgets have for several years outstripped the appropriation. In fiscal 2004 an attempt was made to correct this underfunding for residential co-funded placements, but the residential per diem budget remained underfunded. As shown in **Exhibit 9**, recent trends in DJS per diem and residential co-funded placements point to the adequacy of the residential co-funded placement budget, but the residential per diem budget being inadequate. Indeed, it appears that even with the proposed deficiency there are insufficient funds to support estimated expenditures.

Impact of Cost Containment

The cost containment actions taken to DJS by the Board of Public Works (BPW) in July 2003 totaled just over \$4.2 million, or 2.6% of the department’s general fund legislative appropriation. This reduction is slightly lower than the State average reduction of 2.8% of the general fund legislative appropriation (excluding mandatory aid to education). The reductions are characterized in **Exhibit 10**.

Exhibit 8
Recidivism Rates to the Juvenile Justice System for Youth Released from Residential Placements within One Year of Release
Various Years (%)

	<u>FY 1995</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>CY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>
All Programs						
Re-referral	40	43	40	34	44	44
Re-adjudication	16	19	16	10	15	15
Re-commitment	10	13	13	6	8	9
Secure						
Re-referral		40	39	31	35	47
Re-adjudication		13	16	8	11	16
Re-commitment		9	13	4	5	9
Non-secure						
Re-referral		45	41	37	46	33
Re-adjudication		22	16	12	16	10
Re-commitment		14	13	8	9	8

Source: Department of Juvenile Services; Department of Legislative Services

Exhibit 9
DJS per Diem and Residential Co-funded Expenditures
Fiscal 2001 – 2005
(\$ in Thousands)

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Residential co-funded	\$5,772,160	\$7,763,532	\$7,654,355	\$7,709,884	\$7,709,884
Residential per diem	21,621,170	20,524,924	24,040,337	15,931,777	24,145,982
Deficiency				4,000,000	
Total	\$27,393,330	\$28,288,456	\$31,694,692	\$27,641,661	\$31,855,866

Note: Residential per diems fund out-of-home committed placements in private provider facilities such as group homes and specialized boarding academies. Residential co-funded represents the educational costs of placements at Residential Treatment Centers.

Source: Department of Juvenile Services; Department of Legislative Services

Exhibit 10
DJS Cost Containment Items Approved by BPW
July 2003
(\$ in Millions)

	<u>Action</u>	<u>State Funds</u>	<u>Total Funds</u>	<u>Comment</u>
Service Reduction	Reduce contracts for terminated or poorly performing programs	\$1.1	\$1.1	The department argues that services to youth should not be impacted as remaining funding will be targeted to better performing programs. However, a recent audit report questions contract oversight in the department raising the issue of how effective the department will be in targeting services.
Service Reduction	Eliminate funding that remained in the budget to replace programming formerly provided at Victor Cullen.	1.9	1.9	This reduction will reduce the department's ability to address its pending population problem.

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	<u>Action</u>	<u>State Funds</u>	<u>Total Funds</u>	<u>Comment</u>
Administrative Savings	Various expenditure reductions.	0.9	0.9	Largest single reduction is to a contract for an Agency Assessment Tool. However, DJS has fiscal 2003 encumbrances to cover this project.
Administrative Savings	Reductions in rent and lease payments.	0.3	0.3	The department indicates it will continue to utilize existing space rather than expand as planned.
Total		\$4.2	\$4.2	

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

DJS also lost 23.35 FTE positions as a result of BPW action implementing the statewide position cap in November 2003. DJS might have been expected to lose more positions given the extent of the department's vacancies. However, when presenting its fiscal 2004 initiatives to the legislature in the 2003 session, DJS did not ask for authorization for positions to staff its initiatives. Thus, DJS ended up staffing those initiatives utilizing some 36 vacant positions, reducing the amount that might otherwise have been cut by BPW.

Governor's Proposed Budget

The Governor's fiscal 2005 allowance for DJS provides for an increase of just over \$8 million over the fiscal 2004 working appropriation, 4.4%. However, that increase somewhat hides the extent of budget change that is taking place in the DJS budget. Outside personnel expenses for existing employees, as shown in **Exhibit 11**, the budget contains four major categories of change:

- Spending characterized as **fixing the base** or addressing long-term deficiencies at DJS. This spending includes funding for residential per diems and represents an increase over and above the amount provided in fiscal 2004 including the proposed deficiency. However, this amount is still below projected expenditures for fiscal 2004, once again raising the specter of a deficiency request. The additional funding for operations at Hickey is characterized as fixing the base in that the department is trying to upgrade the quality of programming provided at that facility (see below for additional detail on changes at Hickey).

There is also funding in the budget for nine new positions in information technology. While these new positions have been more than paid for by cuts to outside contractual support, it is still characterized as attempting to fix the base as information technology has long been a weakness at DJS.

Exhibit 11
Governor's Proposed Budget
Department of Juvenile Services
(\$ 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	\$158,895	\$160,871	\$173,930	\$13,059	8.1%
FY 2004 Deficiencies	0	4,000	0	-4,000	
Contingent & Back of Bill Reductions	0	0	-410	-410	
Adjusted General Funds	\$158,895	\$164,871	\$173,520	\$8,648	5.2%
Special Funds	\$115	\$248	\$248	\$0	0.0%
Federal Funds	\$14,025	\$14,769	\$15,358	\$589	4.0%
Reimbursable Funds	\$2,676	\$1,376	\$140	-\$1,236	-89.8%
Adjusted Grand Total	\$175,711	\$181,264	\$189,266	\$8,002	4.4%

Where It Goes:

Personnel Expenses (Excluding New Positions)	\$4,034	
Increments		\$1,236
Other fringe benefit adjustments		1,123
Employee and retiree health insurance		939
Cost containment and turnover		736
Fixing the Base	\$5,526	
Residential per diems		4,215
Hickey contract.....		2,000
Information Technology		
New positions (9 FTEs)		359
Private contractual support		-1,048
<i>ASR for Certain Direct Care Workers (funds in DBM Budget)</i>		
Initiatives	\$2,699	
Ferndale Shelter		
New positions (13 FTEs)		395
Supplies and materials		34

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Where It Goes:

Evening Reporting Centers	
New positions (16 FTEs)	498
Rent.....	525
Contractual support, supplies, and materials.....	370
Substance Abuse	
Drug Courts annualization and expansion	588
Substance Abuse Unit new positions (5 FTEs).....	168
Community Detention/Electronic Monitoring	
Program expansion (4 new FTE positions).....	121
Cost Containment	-\$3,423
Contractual support.....	-1,475
Rent (excluding new programming).....	-425
Food.....	-420
Fuel and utilities	-319
Miscellaneous contracts.....	-261
Medical care contracts	-217
Double-budgeted rent	-173
Education/training contracts.....	-133
Miscellaneous Changes	-\$652
Treasurer's Insurance Charge	1,600
Nonresidential purchase of care, alignment to actuals	-523
Absorption of fiscal 2004 initiatives into the base budget.....	-1,729
Other	-182
Total	\$8,002

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

During the 2003 session, at the request of the legislature, DBM paid for an external review of ASSIST. That review concluded that ASSIST was marginally stable and could be improved without the need for wholesale replacement. However, the review also pointed to significant problems with ASSIST including a growing functionality and credibility gap between what is required from ASSIST by workers in the field and what is being delivered (interestingly DJS has removed any indicators from its MFR regarding satisfaction with ASSIST but in the past the level of satisfaction has been low); the absence of an enterprise architecture; inadequate staffing; and a systematic lack of accountability in key project management areas.

DJS's response to the external review included ending contracts for external vendor maintenance of the Information Technology (IT) help desk, and network and applications support. The nine new positions are essentially current contract staff that DJS believes can provide better staff

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support at lower cost. At the same time, DJS is moving to replace obsolete hardware through a lease agreement with Treasurer's Office.

It should also be noted that one major element of fixing DJS's base is the inclusion in the DBM budget of a one-grade ASR increase for most, but not all, of the workers DJS considered direct care. The ASR provides for an increase to amongst others juvenile counselors, cooks, transportation officers, supervisors of group living, and youth supervisors at a cost estimated at \$3.2 million. Excluded from the ASR are other workers considered by DJS to be direct care workers including supervisors of recreation, teacher's aides, addictions counselors, and social workers, although social workers received an ASR effective January 1, 2001. (See **Appendix 4** for full details of the proposed ASR increase.)

- There are a number of **initiatives** in the fiscal 2005 budget. A number of these initiatives are program expansions including the addition of five new substance abuse counselors, the addition of community detention/electronic monitoring capacity in Baltimore City and Prince George's County in an effort to reduce secure detention, and further expansion of Drug Courts.

In the 2003 session, DJS expanded its existing Drug Court efforts through, for example, the proposed hiring of 10 employees to work with drug courts as well as allocating additional funding for mental health services. A number of jurisdictions also received federal funds to begin to plan and implement drug courts. The proposed fiscal 2005 funding adds staff as well as expanding diversion activities.

Other initiatives are the development of evening reporting centers in Baltimore City and Prince George's County. These centers will provide structured individual and group activities (education, tutoring, competency development, and recreation) in the evening hours. The Annie E. Casey foundation will be providing DJS with technical assistance. During the 2003 session, the legislature cut funding for evening reporting centers based on a lack of participation in those programs. According to DJS the failure of those programs were due to them being targeted at the wrong population. Instead of being focused on youth in intensive aftercare and those coming out of residential placements, the new programs will work as detention alternatives.

There is also funding for a new shelter in Baltimore City, the Ferndale shelter. With 13 new positions, the program creates 6 shelter care beds for girls. Again, the intent here is to create detention alternatives. The department argues that it only has 10 beds exclusively available for girls statewide with other beds available only a first-come first-served basis and shared with other State agencies. As a result girls may be inappropriately detained for lack of a shelter care bed. However, it should be noted that use of shelter care beds by females averaged 8 in fiscal 2003 and that DJS looked to add to that capacity through the fiscal 2004 capital budget by supporting the construction of 12 additional shelter care beds for females including 6 dedicated to DJS. DJS argues that additional shelter care beds will keep females out of detention, but that population has also been falling.

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- In order to fund some of the growth in the DJS budget, a number of **cost containment** actions are taken. The largest item, almost \$1.5 million, is a proposed drop in contractual support. The budget assumes the use of contractals will fall by 57.9 FTEs, 43.6%.
- Finally, a category of **miscellaneous changes** include a significant increase in an assigned charges for insurance from the Treasurer's office. This increase relates to storm damage during 2003 as well as a depletion of the fund balance in the Insurance Trust Fund to cover the State's insurance and self-insurance requirements. There is also a realignment of non-residential purchase of care to reflect the most recent actual costs and a technical change that reflects the budgeting of fiscal 2004 initiatives in fiscal 2005.

Issues

1. Hickey School

The current contract for operation of the Hickey School was awarded to Youth Services International (YSI), a subsidiary of the Correctional Services Corporation based in Florida in 1999. The contract expires March 31, 2004. DJS has issued a Request for Proposals (RFP) for the operation of Hickey beginning July 1, 2004. DJS intends to award a three-month no-bid extension to the current vendor to operate Hickey until the new contract is awarded. Proposals are due February 9, 2004, an extension of the original deadline of January 5, 2004. The delay was requested by prospective vendors in order to prepare bids.

At the same time, Chapter 53, Acts of 2003 among other things gave responsibility for education at the Hickey School to the Maryland State Department of Education (MSDE). That responsibility transfers to MSDE July 1, 2004, contingent on funds being provided in the fiscal 2005 budget for that purpose. The Governor's fiscal 2005 allowance includes \$10.1 million in the MSDE budget (\$7.6 million budgeted in the Division of Correctional Education and \$2.5 million in the Non-public Placement Program) to operate the education program at the Hickey School. In addition, the capital budget includes \$2.7 million for capital improvements, with a \$3.3 million future request anticipated.

The quality of programs at Hickey has long been a concern. Indeed, the quality of programming provided by YSI at another DJS facility, Victor Cullen, resulted in that program being closed in fiscal 2003. An audit of Hickey completed by DJS in 2001 found deficiencies in administrative and financial management, direct care and security coverage, food services, educational services, and health care services. The end result was a financial settlement between YSI and DJS in August that withheld \$792,470 from YSI's contract.

Again, in the 2003 interim, the Office of the Independent Juvenile Justice Monitor (based in the Governor's Office for Children, Youth, and Families) submitted a report concerning conditions at the Hickey School, specifically noting suspected child abuse and neglect incidents as well as documented youth on youth assaults. Ironically, DJS's response to this particular report did not refute the particular incidents. Rather, DJS took offense to the characterization of the report that DJS was not appropriately responding to these incidents. Indeed, DJS indicated that they had increased the department's resources at Hickey in order to guarantee the welfare of the youth at the facility. While the ability of DJS to provide effective oversight of the Hickey contract may be open to debate, the problems at Hickey were not.

The YSI contract is by far the largest contract in DJS's budget. The fiscal 2005 allowance includes \$17.1 million designated for Hickey, a \$2 million increase over the current contract level and 9.1% of the department's total budget.

Hickey RFP

As shown in **Exhibit 12**, in fiscal 2003 the ADP at Hickey was 254 split between a variety of programs both inside and outside of the security fence. Not included in these numbers is a 26-bed sex offender treatment facility that is, and will continue to be, operated by a separate vendor. The RFP for Hickey calls for a facility of a similar size with an ADP of 264 in six different programs. These programs included:

- secure detention for up to 48 youth (this population may also include youth pending placement);
- two minimum security programs for up to 96 youth comprised of an Impact Program (72 youth) designed for stays of up to 60 days and a Graduated Sanctions Program (24 youth) designed for stays of up to 10 days;
- a maximum security program for up to 48 chronic and/or violent offenders; and
- two maximum security programs for up to 72 youth comprised of a Special Treatment Center (48 youth) providing mental health and substance abuse treatment services designed for youth with emotional disturbance and behavioral disorder and a Cognitive Behavioral Center (24 youth) providing intensive mental health and behavioral services.

Exhibit 12
Hickey School
Fiscal 2003 ADP and RFP

<u>Population/Program</u>	<u>FY 2003*</u>	<u>Proposed by RFP</u>
Secure Detention	83	48*
Pending Placement	29	
Minimum Security	61	96
Medium Security	29	
Maximum Security	53	120
Total	254	264

*This population could also include youth pending placement.

Note: The current contract includes a maximum capacity of 329. However, occupancy has been much lower. ADP in the past three years was 255 (a low monthly average ADP of 230 and a high of 278).

See text for additional discussion of programming proposed in the RFP.

Source: Department of Juvenile Services; Department of Legislative Services

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The original RFP actually called for an ADP of 288 with seven different programs, including a Structured Shelter Care Program for up to 24 youth. That program was subsequently removed from the RFP. According to DJS, the building they had envisaged for this program outside of the fence was actually unfit for residential use.

As noted, the fiscal 2005 budget includes just over \$17.1 million for programming at Hickey, excluding education. What is included? The RFP calls for the contractor to provide a wide array of services including:

- mental health and substance abuse assessment, treatment, and education;
- somatic health care;
- facility management (buildings and grounds except for the building housing the sex offender program);
- horse-care/vocational experience;
- food services;
- transportation for such things as medical services, specialized services, transfer to another facility, court hearings, off-site outings, aftercare planning, and intra-campus transport;
- emergency preparedness and safety procedures;
- security and control;
- life skills training; and
- a variety of administrative requirements.

The key differences between the current contract and the RFP are the extent of services being provided to youth with emotional disturbances and behavioral issues, more extensive substance abuse services, higher grade health services, and improved staffing ratios.

Is the funding in the fiscal 2005 budget sufficient to support the proposed programming? The budget provides funding at an annual average of almost \$65,000 per slot. While the treatment programs – the Special Treatment Center and Cognitive Behavioral Center – will certainly cost more than that to operate, the Impact and Graduated Sanctions Program would be expected to be less. Based on a review of comparable program costs for each of the components of the RFP, the allowance appears reasonable.

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However, DLS would point out that some of the services that are to be offered through the RFP could be eligible for federal fund reimbursement if delivered appropriately. This is particularly true for services to be offered through the Special Treatment Center. Although there is no intention of seeking reimbursement for these services as a Residential Treatment Center (that would require accreditation and in the past the physical plant and nature of programming at Hickey have been among the major barriers to accreditation), DJS acknowledges that some federal fund reimbursement is possible. **Since it is not possible to estimate either the actual cost of the contract or the potential for federal fund participation, DLS recommends budget bill language restricting the funding in the budget for Hickey to that purpose, with any unspent funds reverting.** Presumably by the submission of the fiscal 2006 budget, a firmer understanding of the State's funding responsibilities will be known.

Education Funding

The fiscal 2005 allowance provides \$10.1 million in the MSDE budget to provide education at Hickey. The proposed funding can be broken down into three broad areas:

- personnel costs, including funding for 64 FTE positions at Hickey plus 4 FTE headquarters staff, at just over \$4.1 million;
- recurring costs for special education services, staff development, and instructional supplies and materials at \$4.7 million; and
- one-time costs, including equipment, supplies, and text book purchases totaling just under \$1.3 million.

The educational programming at Hickey has been criticized in recent audits. The population at Hickey is a troubled one and based on data from October 2003, just over one-third (36%) of the youth were special education students. According to DJS this is actually typical for detained and committed youth populations. From previously available MFR data, little improved educational attainment has been noted at Hickey, and the physical environment is poor.

As shown in **Exhibit 13**, estimated education costs per slot at Hickey in fiscal 2005 are \$36,667. This figure is based on ongoing costs for education divided by the anticipated population. This cost is higher than previous estimates for the same responsibility and is more than quadruple the current funding for education. This amount is also significantly above educational costs for other DJS facilities and raises questions of equity as well as potential future funding requirements.

Exhibit 13
DJS – Education Costs
Various Facilities
(Education Spending/ADP)

Hickey	
Fiscal 2005 MSDE Proposal	\$36,667
Fiscal 2004 MSDE Proposal	18,273
HB 1388 2002 Session	17,317
Current YSI Contract	7,917
DJS-operated facilities	\$10,967
Thornton Adequacy Level for Special Education	\$18,100

Notes: Average based on planned population in 2004 RFP of 240. The Graduated Sanction Program is excluded from this calculation as the educational component is to be limited to a specially designed education offering for such short-stay youth focusing on information technology skill development and career exploration.

Thornton figure is based on 2001 studies and annualized

All prior year figures are adjusted for inflation.

Source: Department of Juvenile Services; Maryland State Department of Education; Department of Legislative Services

Capital

In conjunction with the new RFP and educational funding, the capital budget includes \$2.7 million to begin the improvement to the physical plant. A further \$3.3 million is anticipated in the future. Total project costs shown in **Exhibit 14** are \$121,000 higher than anticipated in the capital budget. This difference reflects the proposed use of fiscal 2004 Subcabinet funds to accelerate the design process although no proposal for such expenditures has currently been made to the legislature. Capital expenditures are detailed in Exhibit 14.

Exhibit 14
Hickey School
Proposed Capital Expenditures

<u>Item</u>	<u>Secure Detention</u>	<u>Impact</u>	<u>Treatment Programs and Maximum Security</u>
Proposed school location	New 10,000 square foot classroom	Renovated Gary Hall	Renovated Thurgood Marshall Academy
Time frame	Construction complete by June 2006	Construction complete by March 2006	Construction complete by March 2006
Cost	\$2,397,000	\$2,422,000	\$1,293,000
Fiscal 2005 funding	Design	Design, construction and equipment	Design
Transition plan	Use temporary classroom.	Use temporary classroom.	Use temporary classroom.

Note: Programming for youth in the Graduated Sanctions Program will be provided on-unit. The program is anticipated to occupy a building outside of the security fence.

Source: Department of Budget and Management; Department of General Services, Maryland State Department of Education; Department of Legislative Services

Conclusion

Certainly the proposed programming as enunciated in the RFP, plus the additional funding for education should equal a program that offers better services to this population. However, some outstanding issues remain unresolved:

- While education facilities are being improved, the remaining capital plant is in poor condition and at this point no improvements are planned.
- In its funding request submitted to the State Board of Education, MSDE requested funds for the transition period leading to its assumption of responsibility for education at Hickey. Those funds were not included in the budget. This would include not only personnel but also a temporary classroom and work to provide power to that classroom.

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- DJS indicates that it is working with DHMH to maximize federal fund attainment, but the extent of that attainment remains unknown.
- The resulting programming, while improved, still does not fit the small community-based models that are prevalent in the juvenile justice literature and espoused by the current administration. Hickey will remain a large institutional-based program. DJS hopes that it might be able to move programming away from this location in the future but believes that it could not do so at the current time.
- The proposed expenditures at Hickey compared to other DJS facilities pose significant equity issues. To raise spending to a comparable level at other facilities could cost between \$14 million and \$15 million.

DJS should be prepared to update the committees on its plans for Hickey and the status of transition efforts.

2. Update on the Governor's Juvenile Justice Reform Plans

During the gubernatorial campaign in 2002, Governor Ehrlich gave specific details on the reforms necessary for DJS. **Exhibit 15** provides a status report on the implementation of reforms proposed during the campaign.

The fiscal 2005 budget continues to implement reform proposals promised by the Governor, including the expansion Drug Courts, improving IT capacity, working on developing a wraparound approach to services, and beginning planning on a facility to house juveniles waived to the adult system in a non-adult facility.

Among the key areas of concern that remain include:

- Still more improvement in IT capacity. DLS would note that one of the key recommendations of the external review of ASSIST recently conducted for the department was for DJS to identify and document current and emerging business requirements, i.e., what are the functions that the department does and how should information technology support those functions. According to DJS this has not yet been done for lack of funding. Until this is complete, DJS's progress in developing an information technology infrastructure that supports its business needs will be limited.
- The budget does much to help DJS attract and retain workers, notably the ASR funding in DBM. However, the budget is still built on a turnover rate of almost 9%, making it difficult for the department to make progress in meeting its own stated staffing levels. This is critical given the key public safety and case management functions provided through DJS employees.

Exhibit 15
Status of the Governor's Proposals to Reform
Maryland's Juvenile Services System

<u>Key Reform Proposal</u>	<u>Comment</u>
Substance-Free Initiative. Expansion of drug courts	Expansion of fiscal 2004 Drug Court initiative continued in fiscal 2005.
MSDE takeover of education at committed placements:	
1. Hickey School	Chapter 53, Acts of 2003 requires MSDE to take over education programming at Hickey on July 1, 2004, if funding is provided in the fiscal 2005 budget. See Issue 1 for details.
2. Other committed placements	This was a fiscal 2005 commitment that has not been funded.
Transition plan for youth. Formalizing the process for continuing education once a youth leaves a residential placement	No funding was provided for this initiative in fiscal 2004 or 2005. DJS has established teams to ease transition within existing resources.
Statewide truancy prevention plan	No funding was provided for this initiative in fiscal 2004 or 2005.
Expand number of mental health counselors	Funding was added in the fiscal 2004 budget.
Fully fund existing Memorandum of Understanding (MOU) between DHMH and DJJ	The three-year MOU called for \$31.9 million in funding for fiscal 2002 to 2004. In fiscal 2002 and 2003, funding reached \$9.7 million. No funding was provided in fiscal 2004 or 2005.
Youth suicide prevention	Implement report of the Interagency Workgroup on Youth Suicide Prevention. DJS is providing refresher courses on suicide prevention and making appropriate physical changes at facilities to reduce the risk of youth suicides.
Chapter 395, Acts of 2002 report on linkage between child welfare and juvenile justice	Report released December 2002. Numerous recommendations including some with potentially large costs. At this point little has been changed.
Disproportionate minority confinement	Created Assistant Secretary for Minority Justice Services in fiscal 2004 budget.

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<u>Key Reform Proposal</u>	<u>Comment</u>
Management Reforms	Limited funding for management reforms provided in fiscal 2004. Improvements to IT are funded in fiscal 2005. DJS continues to work to develop a wraparound approach to service delivery (see update 3 for details).
Downsize facilities	The plan called for the commissioning of a Facilities Plan Study to provide a facilities transformation plan using the current 10-year facilities master plan as the basis for change. DLS has long pointed out the inadequacies of the current plan. DJS is looking to re-do its facilities master plan but has yet to secure funding.
Secure Youth Facility for Youth Facing Incarceration in Adult Facilities	The plan calls for the development of a facility to house youth waived to the adult system so that they are not housed with an adult population. Conditions under which some of these youth are currently housed have been attacked. Initial capital funding is proposed in fiscal 2006 according to the <i>Capital Improvement Program</i> (this is a DPSCS project).

Source: Department of Legislative Services; *Ehrlich Proposal to Reform Maryland's Juvenile Services System: A Child First Approach*. (October 2002)

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- The continued absence of an approved facilities master plan. There is nothing in the capital budget to address changes in the physical plant at Cheltenham, and the department has not indicated its plans for the now empty Victor Cullen Academy. Again, DJS indicates it is hoping to use Subcabinet Fund dollars for this project.
 - Is the department maximizing its attainment of federal funds, especially in the area of health services? Much of the new funding in DJS in recent years has been for health care services. Efforts to maximize federal fund attainment through seeking reimbursement for targeted case management and rehabilitative services have to date been unsuccessful. DJS indicates that it is working with the Department of Health and Mental Hygiene and private contractors to leverage federal dollars. One major difficulty is determining Medicaid eligibility of youth in the juvenile justice system. It may be that developing health services within DJS inhibits the State's ability to claim federal dollars. **DLS recommends that the committees adopt narrative requesting DJS and DHMH to report back on efforts to maximize federal funds and if the current structure of service delivery inhibits those efforts.**

As articulated and begun under the previous administration, the current DJS budget continues to provide additional resources to address the needs of youth in the juvenile justice system, specifically a heightened emphasis on physical and mental health needs. However, funding patterns remain broadly the same: proposed spending on detention and deep-end residential placements is still almost 60% of the department's budget, about the same as in fiscal 1998.

Recommended Actions

	<u>Amount Reduction</u>	<u>Position Reduction</u>
1. Reduce funding for proposed lease payment agreement based on overstated estimates for equipment. The Department of Juvenile Services is proposing to enter into a lease payment agreement with the Treasurer's Office to upgrade a variety of information technology equipment. The proposal includes purchasing 135 laptops at a price over \$1,000 higher than the current Department of Budget and Management (DBM) Standard Rate. Using the DBM schedule reduces the estimated fiscal 2005 lease payment by \$24,000. Similarly, the proposal includes purchasing 458 personal computers at a rate \$200 above that paid by the Department of Legislative Services for personal computers. This reduces the estimated fiscal 2005 lease payment by a further \$16,000.	\$ 40,000	GF
2. Add the following language to the general fund appropriation:		

, provided that \$17,129,944 of this appropriation may only be used to support a contract for programming at the Charles H. Hickey, Jr. School and may not be transferred by budget amendment or otherwise to any other subobjects or program for any other purpose.

Explanation: The fiscal 2005 budget includes just over \$17.1 million in general funds to support programming at the Hickey School. The Department of Juvenile Services is currently soliciting bids to operate that programming, and the contract amount is currently unknown. Further, some of the services to be provided through the contract may be eligible for federal fund reimbursement. However, the department does not know the extent to which it may be able to seek federal funds and thereby offset general fund expenditures. The language restricts the use of the funds designated for the Hickey School to that programming. In the event that federal funds offset general fund expenditures below this level of funding, the funds will revert. The language does not limit the department from increasing expenditures for the Hickey School if necessary based on vendor bids.

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	<u>Amount Reduction</u>		<u>Position Reduction</u>
3. Reduce funding for utilities at Victor Cullen. The Department of Juvenile Services (DJS) ended programming at Victor Cullen in 2002. Some utility costs and Maryland Environmental Services charges are still funded by DJS. The recommended reduction funds utilities at the level in the fiscal 2004 working appropriation.	116,000	GF	
4. Delete funding and positions for Ferndale shelter. Shelter care utilization generally and among females has been falling. The Department of Juvenile Services has not been able to demonstrate the need for additional beds. Further, the department added new shelter care capacity in the fiscal 2004 capital budget.	430,047	GF	13.0
5. Delete funding for Drug Court annualization. During deliberations on the fiscal 2004 budget, the Department of Juvenile Services assured the legislature that the funding provided in the budget was for full year funding of the department's drug court plans, implying that no annualization costs would be required.	36,000	GF	
6. Delete funding for Drug Court expansion pending an evaluation of current efforts. While there is some national evidence that drug courts have had some positive affect, little convincing data has been presented for efforts in Maryland. The fiscal 2004 budget contained \$75,000 to undertake a management study on drug court effort in the State. Such an evaluation should be conducted prior to further expansion in order to appropriately target the State's resources.	552,000	GF	

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7. Delete rent funding for the new evening reporting center in Baltimore City. The Department of Juvenile Services is proposing to retain existing space opposite the new \$62,000,000 Baltimore City Juvenile Justice Center for this programming. The department should look to maximize the use of this new facility rather rent what is expensive space. 500,000 GF
8. Adopt the following narrative:

Staffing Levels: The Department of Juvenile Services (DJS) has established numerous staffing standards for services that it provides. An analysis of staffing levels in the 2003 interim revealed staffing levels that often did not meet those standards. However, staffing levels at the detention facilities in particular have been difficult to analyze based on changing populations with the opening of three new juvenile justice centers and also the department's intent on reclassifying existing positions to meet staffing needs. The committees request DJS report back to them on staffing levels amongst the various DJS units once the reclassification process is complete, specifically quantifying needs based on staffing standards. Personnel data submitted to the legislature in fiscal 2006 should reflect the completed reclassifications.

Information Request	Author	Due Date
Staffing levels in the Department of Juvenile Services	DJS	November 1, 2004

9. Adopt the following narrative:

Federal Fund Maximization: The Department of Juvenile Services (DJS) has been working with the Department of Health and Mental Hygiene (DHMH) and a private contractor to maximize federal fund attainment for services delivered by DJS. To date, those attempts have not been fruitful, but efforts continue. One of the problems faced by DJS in claiming federal Medicaid reimbursement is the complexity of eligibility requirements for youth in the juvenile justice system. The committees request DJS to report back to them on their efforts to increase federal fund attainment and also to specifically address the issue of whether the delivery of services through DJS hampers the State's ability to collect federal funds. DJS should work in collaboration with DHMH to produce its response.

Information Request	Author	Due Date
Federal Fund Maximization	DJS	December 1, 2004

Total General Fund Reductions	\$ 1,674,047	13.0
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Updates

1. Tracking Outcomes for Youth Service Bureaus

Youth Service Bureaus (YSBs) offer a wide variety of delinquency prevention programming to troubled youth and families. YSB funding is through the Subcabinet Fund, but statute provides that certification and oversight of YSBs is provided by DJS. State support for YSBs has been flat since 1994.

For the past several years, the *Joint Chairmen's Report* (JCR) narrative has been adopted requesting DJS to work with YSBs to collect data needed to evaluate program effectiveness. Narrative adopted in the 2003 JCR also added a reporting requirement. That report noted the following key strengths of the YSBs:

- they leverage State contributions effectively;
- they are locally based and responsive to community needs; and
- they are working hard to develop outcome-based programs.

At the same time, in addition to identifying flat State funding as a problem, the report identified other key weaknesses:

- long waiting lists for counseling services;
- some areas are not served by YSBs; and
- data reporting is not standardized as YSBs have to report different outcomes to different oversight agencies.

The report concludes that YSBs have the potential to perform a greater role in preventing juvenile delinquency. However, it is clear that any expansion of YSBs will require additional State funding, funding that is clearly difficult to obtain in the current fiscal situation. The report concludes that the Subcabinet Fund (through the Local Management Boards) will ultimately assess the performance of YSBs. That assessment will occur in January 2005.

This conclusion accentuates the somewhat bifurcated nature of State oversight of YSBs. The current statutory framework has DJS responsible for certification and oversight but at the same time funding remains in the Subcabinet Fund. It remains to be seen how the apparent strengthening of the Subcabinet Fund's role as indicated in the JCR response will impact the funding and geographic reach of YSBs.

2. Implementation of Fiscal 2004 Initiatives

The Governor's fiscal 2004 allowance included funding for a variety of initiatives in DJS. Additional funding was provided for management reforms, an Office of Minority Justice Services, and the expansion of drug courts and mental health services. Due to budgetary constraints, funding for these initiatives was reduced. Further, specific details on the initiatives were somewhat lacking, and in some instances the initiatives required positions that were not included in the allowance. Thus, the 2003 JCR requested DJS to report back on the actual roll-out of these four initiatives.

In its report back to the legislature, DJS provided more detail on the implementation of its fiscal 2004 initiatives:

- ***Office of Minority Justice Services:*** The report outlined that this office will have three positions. The office is intended to assess the extent to which there is disproportionate minority contact with the juvenile justice system and if so develop and implement strategies to redress the situation. As of January 2004, DJS was still searching for the Assistant Secretary position.
- ***The Expansion of Mental Health Services:*** The report outlined that this included the hiring of 26 employees to provide a variety of mental health services at DJS-operated residential facilities. As of January 2004, 14 positions had been filled.
- ***Drug Court Expansion:*** The report outlined that this included the hiring of 13 employees, the expansion of capacity in the Baltimore City Drug Court program, the implementation of Drug Courts in Caroline, Dorchester, Prince George's, and St. Mary's counties with new State funds, and enhancement of programs in Anne Arundel, Baltimore, Harford, Talbot, and Wicomico counties. DJS indicates that only 10 employees will be hired, and to date 2 positions have been filled.
- ***Management Reforms:*** The report outlined that funding had been used to develop an Office of Research and Planning, specifically supporting 2 positions. That unit has been active in improving the department's research capacity. However, the office's Executive Director position was vacated in December 2003 and has not been re-filled.

3. Implementation of a Wraparound Service Delivery Approach to Youth in the Juvenile Justice System

One of the strategies envisaged in the Governor's proposed reforms of DJS is to implement the long-promised system of "wraparound" service delivery whereby youth receive a comprehensive and coordinated package of appropriate services, services currently often delivered by multiple State and local agencies. The 2003 JCR asked DJS to report back on the components of a successful wraparound model, what changes are necessary to implement that model, and a time-table and budget estimate for change.

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The purpose of the wraparound approach is to treat youth in their community with appropriate services and therefore avoid expensive institutional placements, placements which have little record of success. As noted in last year's JCR language, this is not a novel concept, nor is it a new approach for the State. However, the State has not been able to move forward with this approach to the extent it might. Although the Subcabinet Return/Diversion program is part of the wraparound approach, it is never moved beyond its current scope.

As noted in the report, while there are examples of successful wraparound systems (Milwaukee is always the model for this approach), expanding the scale of the approach has proven difficult. Indeed, how to successfully replicate the wraparound approach has been the focus of a National Wraparound Initiative.

The report notes that renewed efforts to successfully develop the wraparound approach in Maryland have begun. At this point, federal funds are the driving force. Efforts include:

- DJS has recently received federal funding through the Governor's Office of Crime Control and Prevention (GOCCP) to advance the wraparound approach in Maryland.
- DHMH has received a Real Choices System Grant under the federal New Freedom Initiative to study the feasibility of initiating a demonstration project based on a home- and community-based waiver of the Psychiatric Residential Treatment Facility level of care.
- Two local jurisdictions, Baltimore City and Montgomery County, again supported through federal funds from the Substance Abuse and Mental Health Services Administration, have established wraparound pilot programs. Baltimore City established its program in 1999, Montgomery County in 2002.

While efforts to move the wraparound approach forward in Maryland are still in the planning/demonstration stage, the report lays out certain things that need to occur:

- an embracing of the wraparound approach by governmental agencies and the adoption of policies and procedures to support that approach;
- funding strategies that support the approach;
- expansion of service niches that are required for wraparound but for which capacity is currently lacking;
- data collection and sharing across agencies as required;
- blending of funding across agencies to effectuate agency buy-in;

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- provision of adequate resources to maintain low caseloads, train workers in the principles of wraparound; and
- establish statewide wraparound oversight bodies.

Many of these conclusions are reminiscent of previous attempts to move forward with the reform of service delivery systems to children and certainly are not new. Nevertheless, the report lays out ongoing steps to move forward with the wraparound approach including obtaining two vital pieces of information: how many youth are eligible for wraparound services and the cost of providing those services. The report indicates that work is ongoing. With that information, it is hoped that the State will be able to embrace not just the philosophy of the wraparound approach but to actually implement it.

4. U.S. Department of Justice Investigation

On August 30, 2002, the U.S. Department of Justice Civil Rights Division informed then Governor Glendening that the U.S. Department of Justice was investigating the conditions at Cheltenham and Hickey. The focus of the investigation was the physical safety of residents; medical and mental health care and education; and if the care provided at those facilities involved systemic violations of the Constitution or federal law.

That investigation is still ongoing. At this time there is no sense if the investigation will result in findings of any violations or remediation measures.

Current and Prior Year Budgets

**Current and Prior Year Budgets
Department of Juvenile Services
(\$ in Thousands)**

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2003					
Legislative Appropriation	\$170,927	\$257	\$15,243	\$4,306	\$190,733
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	0	0	0	0
Cost Containment	-12,010	0	0	0	-12,010
Reversions and Cancellations	-22	-142	-1,218	-1,630	-3,012
Actual Expenditures	\$158,895	\$115	\$14,025	\$2,676	\$175,711
Fiscal 2004					
Legislative Appropriation	\$165,117	\$248	\$14,769	\$1,376	\$181,510
Cost Containment	-4,246	0	0	0	-4,246
Budget Amendments	0	0	0	0	0
Working Appropriation	\$160,871	\$248	\$14,769	\$1,376	\$177,264

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

Fiscal 2003

The fiscal 2003 legislative appropriation for DJS was reduced by just over \$15 million. The bulk of this reduction, just over \$12 million, was general fund cost containment. The remainder was reversions and cancellations. The major cancellations were over \$1.2 million in federal funds and over \$1.6 million in reimbursable funds. Federal fund cancellations predominantly related to lower-than-anticipated attainment of education and nutrition funds due to the closure of the Victor Cullen Academy. Reimbursable fund cancellations were almost all due to much fewer funds than anticipated being available from the Governor's Office of Crime Control and Prevention.

Fiscal 2004

To date, the fiscal 2004 legislative appropriation has been reduced by just over \$4.2 million. All of this reduction is general fund cost containment (see the earlier discussion of changes to the fiscal 2004 appropriation for additional detail).

It should be noted that the data in **Appendix 1** does not include deficiency appropriations proposed in the fiscal 2005 budget.

**Object/Fund Difference Report
Department of Juvenile Services**

<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>
Positions					
01 Regular	1996.20	1938.85	1985.85	47.00	2.4%
02 Contractual	98.39	132.90	75.00	-57.90	-43.6%
Total Positions	2094.59	2071.75	2060.85	-10.90	-0.5%
Objects					
01 Salaries and Wages	\$ 86,251,419	\$ 87,821,060	\$ 93,806,224	\$ 5,985,164	6.8%
02 Technical & Spec Fees	3,395,873	4,017,227	2,542,683	-1,474,544	-36.7%
03 Communication	2,742,943	2,216,992	2,435,843	218,851	9.9%
04 Travel	598,724	630,926	549,230	-81,696	-12.9%
06 Fuel & Utilities	1,452,009	3,419,079	3,099,677	-319,402	-9.3%
07 Motor Vehicles	608,538	523,415	591,346	67,931	13.0%
08 Contractual Services	72,688,029	69,320,743	76,283,548	6,962,805	10.0%
09 Supplies & Materials	3,830,033	4,974,788	4,465,938	-508,850	-10.2%
10 Equip - Replacement	31,851	0	0	0	0.0%
11 Equip - Additional	522,855	386,265	384,474	-1,791	-0.5%
12 Grants, Subsidies, Contracts	35,166	198,000	198,000	0	0%
13 Fixed Charges	3,372,933	3,755,318	5,318,950	1,563,632	41.6%
14 Land & Structures	180,969	0	0	0	0.0%
Total Objects	\$ 175,711,342	\$ 177,263,813	\$ 189,675,913	\$ 12,412,100	7.0%
Funds					
01 General Fund	\$ 158,895,094	\$ 160,871,298	\$ 173,929,832	\$ 13,058,534	8.1%
03 Special Fund	114,789	248,000	248,000	0	0%
05 Federal Fund	14,025,299	14,768,720	15,358,081	589,361	4.0%
09 Reimbursable Fund	2,676,160	1,375,795	140,000	-1,235,795	-89.8%
Total Funds	\$ 175,711,342	\$ 177,263,813	\$ 189,675,913	\$ 12,412,100	7.0%

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

**Fiscal Summary
Department of Juvenile Services**

<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 Office of the Secretary	\$ 3,670,251	\$ 5,384,317	\$ 3,990,154	8.7%	\$ 3,988,813	0%
02 Departmental Support	12,905,772	11,122,786	12,838,828	-0.5%	12,421,618	-3.2%
03 Ofce of Prof Responsibility & Accountability	2,574,292	2,170,977	2,170,977	-15.7%	2,279,167	5.0%
01 Residential Services	54,918,867	67,212,268	60,048,880	9.3%	65,491,944	9.1%
02 Admissions	13,486,206	12,055,381	18,879,792	40.0%	18,308,882	-3.0%
03 Community Justice Supervision	88,155,954	83,564,137	79,335,182	-10.0%	87,185,489	9.9%
Total Expenditures	\$ 175,711,342	\$ 181,509,866	\$ 177,263,813	0.9%	\$ 189,675,913	7.0%
General Fund	\$ 158,895,094	\$ 165,117,350	\$ 160,871,298	1.2%	\$ 173,929,832	8.1%
Special Fund	114,789	247,999	248,000	116.0%	248,000	0%
Federal Fund	14,025,299	14,768,719	14,768,720	5.3%	15,358,081	4.0%
Total Appropriations	\$ 173,035,182	\$ 180,134,071	\$ 175,888,018	1.6%	\$ 189,535,913	7.8%
Reimbursable Fund	\$ 2,676,160	\$ 1,375,795	\$ 1,375,795	-48.6%	\$ 140,000	-89.8%
Total Funds	\$ 175,711,342	\$ 181,509,866	\$ 177,263,813	0.9%	\$ 189,675,913	7.0%

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

Proposed DJS Fiscal 2005 ASR

	<u>Grade</u>	<u>Current Base</u>	<u>New Base</u>	<u>New Base with Proposed COLA</u>
Asst Superintendent Juvenile Facility	17	\$39,766	\$42,453	\$43,132
Juvenile Counselor I	11	26,958	28,749	29,209
Juvenile Counselor II	13	30,664	32,715	33,238
Juvenile Counselor III	14	32,715	34,908	35,467
Juvenile Counselor Senior	15	34,908	37,255	37,851
Juvenile Counselor Supervisor I	16	37,255	39,766	40,402
Juvenile Counselor Supervisor II	17	39,766	42,453	43,132
Juvenile Justice Asst. Area Dir. Field Services	18	42,453	45,329	46,054
Juvenile Justice Cook I	9	23,722	25,286	25,691
Juvenile Justice Cook II	10	25,286	26,958	27,389
Juvenile Justice Cook Lead	11	26,958	28,749	29,209
Juvenile Justice Program Specialist	16	37,255	39,766	40,402
Juvenile Justice Resource Coordinator	16	37,255	39,766	40,402
Juvenile Transportation Officer	10	25,286	26,958	27,389
Juvenile Transportation Officer Lead	11	26,958	28,749	29,209
Juvenile Transportation Officer Supervisor	12	28,749	30,664	31,155
Juvenile Transportation Officer Trainee	9	23,722	25,286	25,691
Supervisor of Group Living I	13	30,664	32,715	33,238
Supervisor of Group Living II	14	32,715	34,908	35,467
Supervisor of Group Living III	15	34,908	37,255	37,851
Youth Supervisor I	9	23,722	25,286	25,691
Youth Supervisor II	10	25,286	26,958	27,389
Youth Supervisor III	11	26,958	28,749	29,209