

Q00B00
Division of Correction
Department of Public Safety and Correctional Services

Operating Budget Data

(\$ in Thousands)

	<u>FY 05</u>	<u>FY 06</u>	<u>FY 07</u>	<u>FY 06-07</u>	<u>% Change</u>
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>	<u>Prior Year</u>
General Fund	\$534,915	\$553,218	\$625,796	\$72,579	13.1%
Special Fund	56,858	54,759	63,219	8,459	15.4%
Federal Fund	7,836	9,050	8,820	-230	-2.5%
Reimbursable Fund	<u>5,901</u>	<u>5,843</u>	<u>4,911</u>	<u>-932</u>	<u>-15.9%</u>
Total Funds	\$605,511	\$622,870	\$702,746	\$79,877	12.8%

- There are four deficiency appropriations totaling approximately \$23.5 million for fiscal 2006. The majority of this amount – \$18 million – is for payments to contractors for inmate medical services.
- Approximately \$39 million of the increase is for salaries and wages, including \$941,000 for new positions and \$15.4 million for overtime.
- The allowance reflects an approximate \$27 million increase for the inmate medical contract.
- Fuel and utilities increase by approximately \$6.1 million in the fiscal 2007 allowance.
- The proposed expansion of Maryland Correctional Enterprises includes \$4.4 million in the allowance for the purchase of production equipment and supplies in addition to the funds included for the new positions associated with the expansion.
- There is \$542,000 in the allowance for the expansion of Reentry Enforcement Services Targeting Addiction, Rehabilitation, and Treatment (RESTART) to the pre-release facilities.

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

For further information contact: Keri Beth Cain

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Personnel Data

	<u>FY 05</u> <u>Actual</u>	<u>FY 06</u> <u>Working</u>	<u>FY 07</u> <u>Allowance</u>	<u>FY 06-07</u> <u>Change</u>
Regular Positions	7,218.50	7,309.50	7,334.50	25.00
Contractual FTEs	<u>32.50</u>	<u>71.06</u>	<u>71.02</u>	<u>-0.04</u>
Total Personnel	7,251.00	7,380.56	7,405.52	24.96

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	478.94	6.53%
Positions Vacant as of 12/31/05	728.00	9.96%

- The allowance reflects 1 abolished position and 26 new positions. Of these, 13 are for the expansion of Maryland Correctional Enterprises for the takeover of the laundry operations and the State’s Quick Copy operation (formerly operated by the Department of General Services). The other 13 positions are for the proposed expansion of RESTART to the pre-release system.
- The vacancy rate includes the 192 positions budgeted for North Branch Correctional Institution, which is scheduled to open in late October 2006.

Analysis in Brief

Issues

Reentry Enforcement Services Targeting Addiction, Rehabilitation, and Treatment (RESTART) Status and Proposed Expansion: The department has proposed to expand RESTART to the pre-release system during fiscal 2007. **The department should be prepared to discuss RESTART participation figures for fiscal 2006. The department should be prepared to discuss the current status of any vacancies for RESTART program-related positions and what impact this is having on the number of RESTART program slots. The Department of Legislative Services (DLS) recommends that funds for the expansion of RESTART to the pre-release system be restricted until the department can evaluate and report on the average length-of-stay in the pre-release system, as well as what services it plans to offer, and how inmates will benefit from the abbreviated services offered. DLS recommends that the expansion to the pre-release system be restricted to those inmates who have previously received RESTART program services at one of the two pilot sites. DLS further recommends that the department prepare a report on future proposed RESTART expansion.**

Overtime: Overtime spending in the fiscal 2007 allowance for the custody units of the Department of Corrections is \$26,333,149. **The department should be prepared to comment on what drives overtime spending, especially why overtime spending in fiscal 2006 is on pace to exceed \$25 million, while in fiscal 2005 the department spent less than \$15 million.**

Recommended Actions

	<u>Funds</u>	<u>Positions</u>
1. Add language requiring the department to transfer funds for education programs to the Maryland State Department of Education.		
2. Add language restricting funds for the RESTART expansion to pre-release facilities until a report is submitted.		
3. Abolish new RESTART positions and associated funds.	\$ 481,211	13.0
4. Add language restricting funds allocated for RESTART programs.		
5. Adopt narrative directing the Department of Public Safety and Correctional Services to provide a report on interim program measurements for RESTART.		

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6.	Adopt narrative directing the Department of Public Safety and Correctional Services to develop and report on its planned future RESTART expansion.		
7.	Strike budget bill language authorizing the department to add up to 75 additional correctional officer positions.		
8.	Abolish new Maryland Correctional Enterprises positions and associated funds.	460,004	13.0
9.	Delete three deficiency appropriations.	5,522,000	
10.	Reduce deficiency appropriation for inmate medical contract.	4,478,000	
11.	Reduce overtime spending.	2,000,000	
12.	Adopt narrative directing the Department of Public Safety and Correctional Services and the Department of Health and Mental Hygiene to study and report on prescription drug purchasing.		
13.	Adopt narrative that directs the Department of Public Safety and Correctional Services and the Department of Health and Mental Hygiene to study Medicaid reimbursements.		
	Total Reductions to Fiscal 2006 Deficiency Appropriation	\$ 10,000,000	
	Total Reductions to Allowance	\$ 2,941,215	26.0

Updates

Local Jail Reimbursements Status: In the 2005 session, the department requested a deficiency appropriation to support the payments to local jails (often referred to as HB 474 payments).

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Operating Budget Analysis

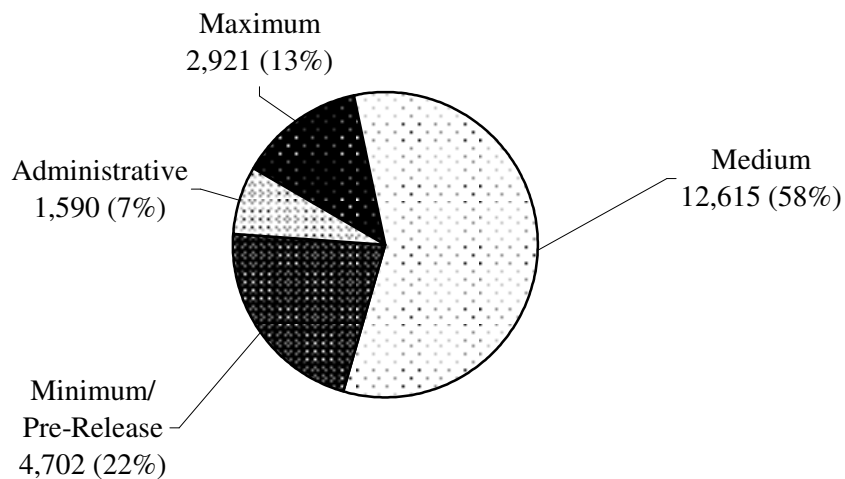
Program Description

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

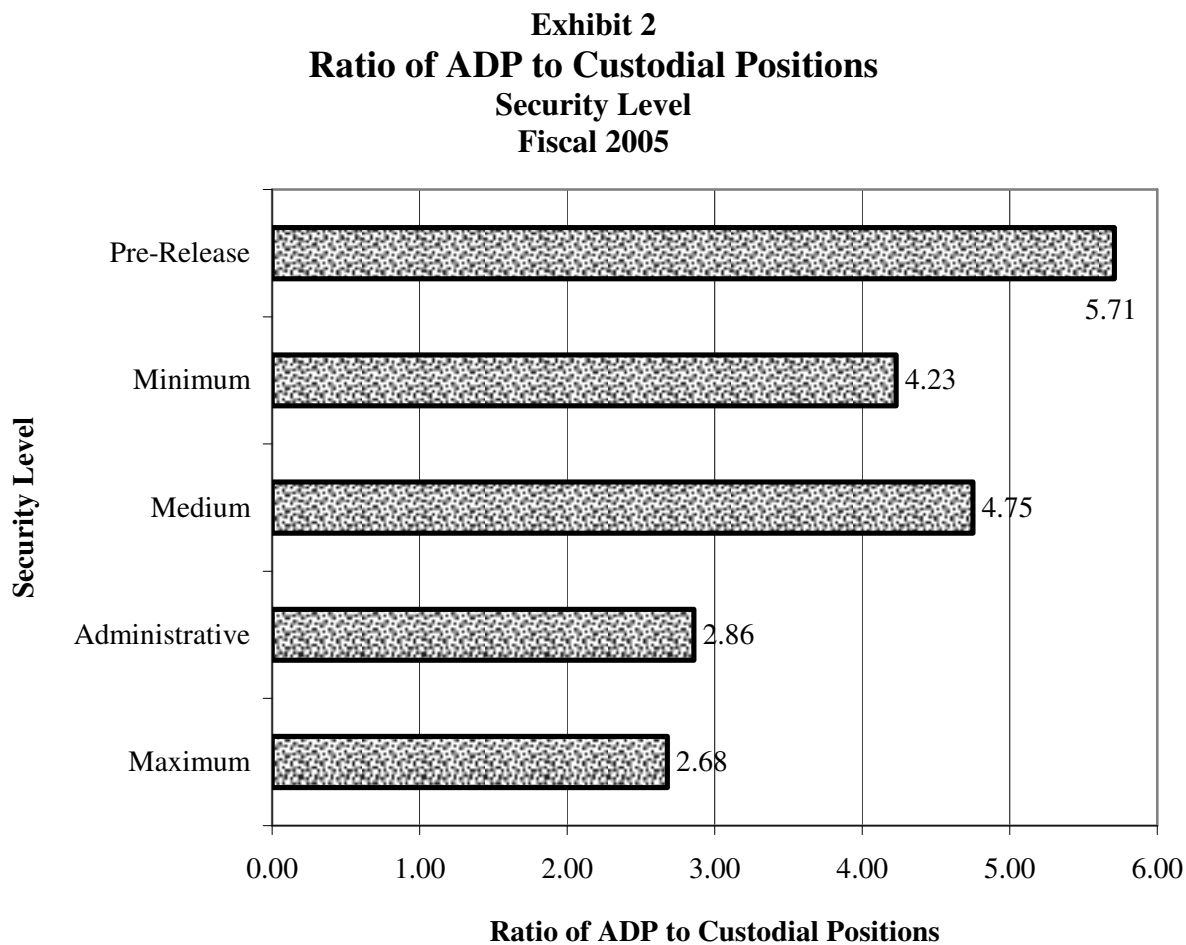
Exhibit 1 shows the breakdown of the average daily population (ADP) by security level. Medium security inmates comprise approximately 58% of the total ADP. Maximum security inmates, who have the highest inmate-on-staff assault ratio, comprise 13% of the ADP. Minimum security and pre-release facilities comprise 22% of the total ADP.

Exhibit 1
Average Daily Population by Security Level
Fiscal 2005



Source: Department of Public Safety and Correctional Services

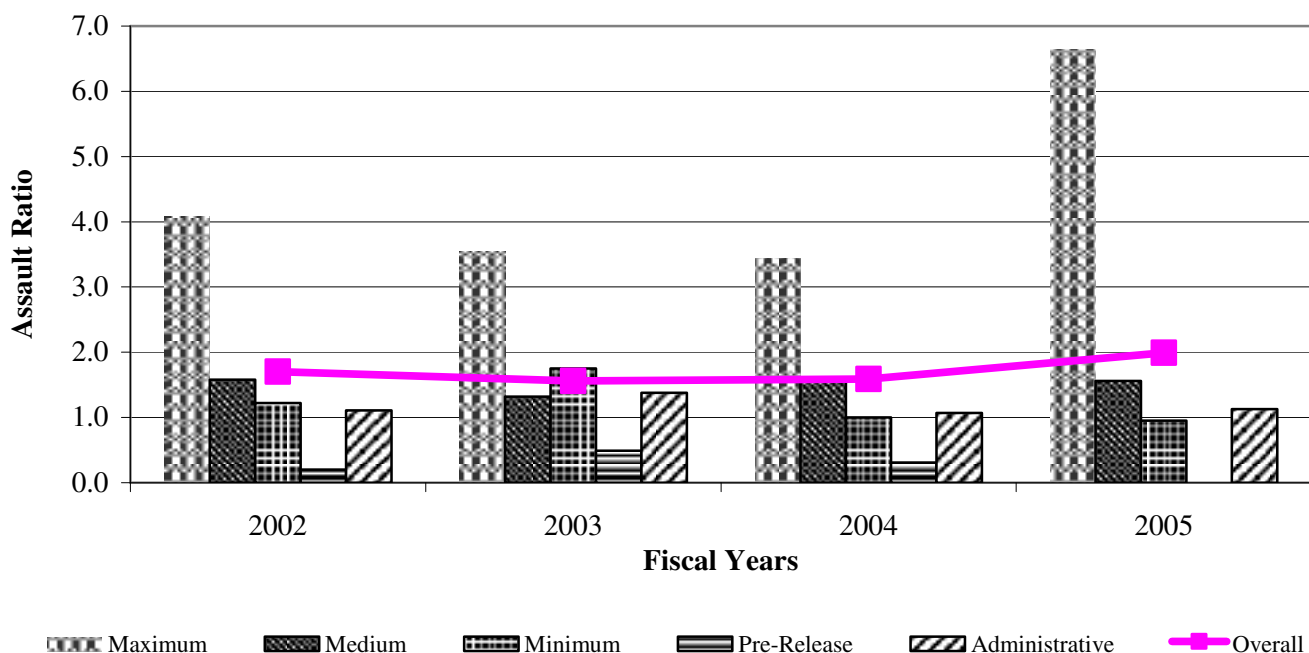
Exhibit 2 shows the average ratio of ADP to custodial positions by security level. As shown in the exhibit, maximum security has the lowest ratio, with 2.68 inmates for every one custodial position, while the pre-release facilities have the highest ratio, at 5.71:1.



Source: Department of Public Safety and Correctional Services

The division has established assault figures from fiscal 2002 as a baseline for evaluating the inmate-on-staff assault ratios. **Exhibit 3** shows the ratio of inmate-on-staff assaults for each level of security (maximum, medium, minimum, pre-release, and administrative) and overall. Maximum security institutions have the highest ratio of inmate-on-staff assaults; and after declining for two years, that ratio increased from 3.44 assaults per 100 inmates in fiscal 2004 to 6.64 assaults per 100 inmates in fiscal 2005. The fiscal 2002 ratio for maximum security was 4.08. In fiscal 2005, the administrative security setting (multiple security levels) institutions saw a slight increase over fiscal 2002 levels while the other security levels were all below fiscal 2002 levels. **The department should be prepared to discuss the increase in the inmate-on-staff assault ratio in maximum security institutions and what measures are being taken to improve staff safety.**

**Exhibit 3
Inmate-on-staff Assaults
Rate per 100 Inmates**



Source: Department of Public Safety and Correctional Services

Fiscal 2006 Actions

Proposed Deficiency

DOC has a total of four deficiency appropriations totaling \$23,522,000 for fiscal 2006. Of this amount, \$18 million is for payments to contractors for inmate medical services. This brings total expenditures for the inmate medical contract in fiscal 2006 to approximately \$81.9 million. There are two deficiency appropriations for fuel and utilities, one for \$4 million to cover the increasing costs of natural gas and electricity, and one for \$1 million to pay for fuel oil. The final deficiency appropriation is for \$522,000, of which \$272,000 is for a contract to provide substance abuse and psychotherapy services to incarcerated women with babies. The remaining \$250,000 is for the installation of a sprinkler fire system required by the Fire Marshal.

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There is also a \$15.5 million deficiency appropriation budgeted in the Department of Budget and Management (DBM). This deficiency is for the implementation of a proposed correctional officer recruitment and retention program.

North Branch Correctional Institution

The fiscal 2006 allowance includes funds for the operation of the second housing unit at North Branch Correctional Institution (NBCI), which was originally scheduled to open in October 2005. The facility will now not open until late October 2006, and staff will begin training in July 2006.

Personnel

DOC lost 32.0 positions in fiscal 2006 as a result of across-the-board abolitions required by back-of-the bill language. As shown in **Exhibit 4**, these abolitions were distributed across most of the geographic and administrative regions of DOC. Also, prior to the end of fiscal 2005, the Department of Public Safety and Correctional Services (DPSCS) transferred a net of 9.0 positions out of DOC (the Office of the Secretary increased its personnel count as a result). There was some movement of positions within DOC at the same time. There were also 45.0 positions transferred out of DOC from the fiscal 2006 legislative appropriation. The Division of Pretrial Detention and Services received 40.0 of these positions.

There were 86.0 total positions lost in DOC between the fiscal 2006 allowance and the current fiscal 2006 working appropriation. The Hagerstown region lost 56.0 positions through the various actions, the Eastern Shore region lost 16.0 positions, and the Jessup region lost 14.0 positions. The Women's facilities actually gained 11.0 positions in the working appropriation compared to the allowance.

The movement of positions has resulted in increasing ADP to custodial positions ratios in Hagerstown. The Maryland Correctional Institution in Hagerstown (MCI-H) saw its ratio go from 4.68:1 in fiscal 2005 to an estimated 5.21:1 in fiscal 2006. At the Maryland Correctional Training Center (MCTC) the ratio went from 5.67:1 in fiscal 2005 to 6.14:1 in fiscal 2006, and at Roxbury Correctional Institution the ratio was 5.29:1 in fiscal 2005 and is estimated at 6.07:1 in fiscal 2006.

The department should be prepared to discuss the impact of the loss of positions on operations in the prison facilities, especially in the Hagerstown region.

**Exhibit 4
Personnel Changes**

	Allowance FY 2006	Legislative Abolitions (Back-of-the-bill)	Transfers (prior to 6/30/05)	Changes to Leg. Approp. FY 2006	Working Approp. FY 2006	Difference Allowance to Working Approp.
Headquarters	166.4	-2	2	-1	165.4	-1
Jessup	1,254.0	-7	-5	-2	1,240.0	-14
Baltimore	1,365.6	-3	8	-2	1,368.6	3
Hagerstown	1,664.0	-6	-14	-36	1,608.0	-56
Women's	366.0	-5	22	-6	377.0	11
Pre-release	698.0	-6	-2	0	690.0	-8
Eastern Shore	896.0	-3	-10	-3	880.0	-16
Western MD	810.5	0	-10	1	801.5	-9
MCE	<u>175.0</u>	<u>0</u>	<u>0</u>	<u>4</u>	<u>179.0</u>	<u>4</u>
Total	7,395.5	-32	-9	-45	7,309.5	-86

Source: Department of Public Safety and Correctional Services

Governor's Proposed Budget

Exhibit 5 shows that the fiscal 2007 allowance increases by approximately \$79.9 million, or 12.8%, over the fiscal 2006 working appropriation.

The largest increase, \$38.9 million, is for personnel expenses. Employee and retiree health insurance increase by \$19.6 million. Overtime spending increases by \$15.4 million, or 137% over the fiscal 2006 working appropriation. The allowance also includes \$7 million for employee increments and \$941,000 for the proposed 26 new positions.

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The allowance includes a \$27 million increase for the inmate medical contract. However, once the \$18 million deficiency appropriation is taken into consideration, the increase is \$9 million.

Fuel and utilities increase by approximately \$6.1 million. This amount includes significant increases for fuel oil, natural gas and propane, and electricity. There are two deficiency appropriations that combined total \$5 million for fuel and utilities. Once these deficiencies are accounted for, the increase is only approximately \$1.1 million.

The expansion of the Maryland Correctional Enterprises (MCE) adds a \$4.4 million increase to the fiscal 2007 allowance. MCE is taking over the laundry operations as well as the State's Quick Copy operation (formerly operated by the Department of General Services). Of the \$4.4 million increase, approximately \$4 million is for production supplies, and the remaining increase is for production equipment required for the Quick Copy operation.

The allowance includes an approximate \$1.5 million increase for inmate education and training. In fiscal 2006, in accordance with budget bill language, DPSCS transferred \$1.1 million in special funds and \$879,000 in general funds via budget amendment to the Maryland State Department of Education (MSDE) for the provision of educational services to inmates. Some of these programs were continuations of programs begun in prior years and therefore commenced at the beginning of the fiscal year. However, the expanded educational offerings did not commence until January 2006. As such, the amount needed to continue those programs in fiscal 2007 is greater due to annualized costs. As with prior years, the department expects to transfer these funds to MSDE.

The remaining \$2.1 million increase is largely the net result of increases for local jail reimbursements, raw food, housekeeping, and maintenance supplies, and inmate wages, and a decrease for motor vehicle purchase.

Raises and Incentives Budgeted in DBM

The Governor has included \$32.3 million in the DBM allowance to fund a proposed correctional officer recruitment and retention program. The initiative includes a 6% across-the-board salary increase for all correctional officers, higher entry-level salaries, hiring bonuses, and \$500 attendance-based retention bonuses. There is also a deficiency appropriation included for fiscal 2006. If approved, these funds would be transferred via budget amendment to DPSCS from DBM. **The Department of Legislative Services (DLS) is recommending that the \$15.5 million deficiency appropriation be deleted and that these enhancements be delayed until July 1, 2006. The DLS recommendation is discussed in the DBM Personnel budget.**

**Exhibit 5
Governor's Proposed Budget
Division of Correction
(\$ in Thousands)**

How Much It Grows:	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
2006 Working Appropriation	\$553,218	\$54,759	\$9,050	\$5,843	\$622,870
2007 Governor's Allowance	<u>625,796</u>	<u>63,219</u>	<u>8,820</u>	<u>4,911</u>	<u>702,746</u>
Amount Change	\$72,579	\$8,459	-\$230	-\$932	\$79,877
Percent Change	13.1%	15.4%	-2.5%	-15.9%	12.8%
Where It Goes:					
Personnel Expenses					
Employee and retiree health insurance					\$19,654
Overtime					15,354
Increments and other compensation.....					6,976
Retirement.....					3,455
New positions (13 for Maryland Correctional Enterprises, 13 for RESTART).....					941
Workers' compensation premium assessment.....					323
Deferred compensation					225
Abolished/transferred positions					-42
Turnover adjustments.....					-9,050
Other fringe benefit adjustments.....					1,021
Other Changes					
Inmate medical contract.....					26,972
Fuel and utilities.....					6,083
Production equipment and supplies for Maryland Correctional Enterprises					4,406
Education/training contracts (due to annualization of education programs).....					1,471
Local jail reimbursements.....					1,145
Raw food supplies.....					648
Housekeeping and maintenance supplies.....					364
Inmate wages					338
Motor vehicles					-574
Other					167
Total					\$79,877

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

Issues

1. Reentry Enforcement Services Targeting Addiction, Rehabilitation, and Treatment (RESTART) Status and Proposed Expansion

In November 2003, DPSCS announced a philosophical shift from a system that focuses on confinement and control to one that focuses on rehabilitation and cognitive restructuring. While DPSCS has always offered some rehabilitative programming, the department has decided that increasing the amount and quality available will help combat rising recidivism rates.

The department launched the program at two pilot sites in January 2005. The two pilot sites are MCTC in Hagerstown and the Maryland Correctional Institution for Women (MCI-W) in Jessup. MCTC is a medium-security institution, and MCI-W is a multi-level security institution.

Update on RESTART

Fiscal 2006 will be the first full year of RESTART programming offerings. The fiscal 2006 allowance included a total of \$5.2 million for the two RESTART pilot programs. This included approximately \$1.2 million for education programs, \$2 million for the therapeutic communities at the two pilot sites, and associated personnel expenses. The department expected a total of 1,814 inmates, or about 8% of the DOC population, to participate in RESTART in fiscal 2006. Of that total, 890 are at MCTC and the remaining 924 are at MCI-W. **The department should be prepared to discuss RESTART participation figures for fiscal 2006.**

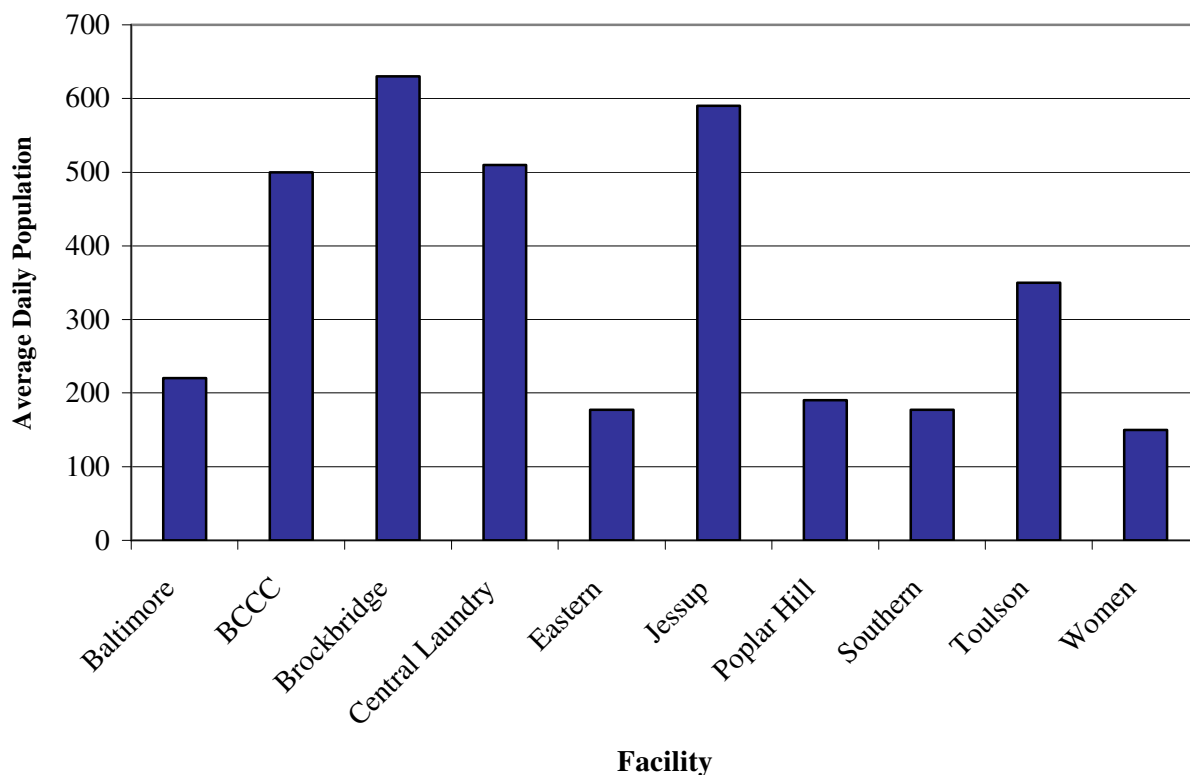
The department has had some challenges achieving full staffing levels for RESTART program-related positions. **The department should be prepared to discuss the current status of any vacancies for RESTART program-related positions and what impact this is having on the number of RESTART program slots.**

Planned Expansion

The department has proposed to expand RESTART to the pre-release system during fiscal 2007. As such, the fiscal 2007 allowance includes an approximately \$542,000 increase entirely for the expansion of the program to the pre-release system – there is no increase in the allowance for the original two pilot sites.

Exhibit 6 shows the estimated ADP for pre-release facilities for fiscal 2007. As shown in the exhibit, Brockbridge Correctional Facility (BBCF), Jessup Pre-Release Unit, the Central Laundry Facility, and Baltimore City Correctional Center (BCCC) have the highest ADP of the pre-release units.

Exhibit 6
Estimated Average Daily Population of Pre-Release Facilities
Fiscal 2007



BCCC = Baltimore City Correctional Center

Source: Department of Public Safety and Correctional Services

The expanded program will make RESTART programs and services available to all inmates in the pre-release system, not just those that have previously participated in RESTART at the two pilot sites. Some inmates are classified directly to pre-release because they have short sentences and are given work-release. Others are sent to pre-release after serving part of their sentences in other DOC institutions. The department reports that, as of December 31, 2005, there were 200 inmates who had participated in RESTART at the two pilot sites who are now in pre-release facilities.

The pre-release sites will offer addictions treatment, cognitive restructuring, and re-entry programs. The fiscal 2007 allowance includes 13.0 new positions as well as related operating costs including training. The budgetary distribution was based upon the proposed assignment of the requested additional staffing – 4.0 positions at BCCC, 6.0 positions at BBCF, and 3.0 positions at the Pre-release Unit for Women. These sites were chosen because of their centralized location in the

Jessup/Baltimore Region. BCCC and BBCF are also two of the largest pre-release facilities by ADP. Though the new positions would be housed budgetarily at these sites, the department expects that the RESTART staff would split their time between multiple locations, thus supporting RESTART at all the pre-release facilities.

The department does not have reliable data about the average length-of-stay for inmates in the pre-release system. Based on its modeling, the department estimates that the average length-of-stay is approximately 6 months. The average length-of-stay in all of DOC is 26.0 months. This is of concern because if a stay is too short, some services, such as drug treatment or counseling, will be ineffective. **DLS recommends that funds for the expansion of RESTART to the pre-release system be restricted until the department can evaluate and report on the average length-of-stay in the pre-release system, as well as what services it plans to offer, and how inmates will benefit from the abbreviated services offered.**

There will not be outcome performance data available on RESTART participants until at least fiscal 2009. Until there is reliable information available about the success of the program, it is premature to expand it.

DLS recommends that the expansion to the pre-release system be restricted to those inmates who have previously received RESTART program services for at least one year at one of the two pilot sites. DLS further recommends that the department prepare a report on future proposed RESTART expansion.

2. Overtime

Overtime spending in the fiscal 2007 allowance for the custody units of DOC is \$26,333,149. The fiscal 2006 legislative appropriation for the custody units was \$10,868,770. However, the department advises that it has spent \$15,090,166 on overtime through January. That puts the department on pace to spend \$25,868,770 based on average spending. These figures exclude the administrative units – General Administration, Classification, Education and Religious Services, and MCE.

Exhibit 7 compares the amount spent for overtime (including the estimate for fiscal 2006 based on year-to-date spending), filled positions (an approximation derived from the number of positions and the vacancy rate at mid-fiscal year), ADP, and sick leave hours used.

Exhibit 7
Overtime Comparison
Fiscal 2002 – 2006

	<u>2002</u> <u>Actual</u>	<u>2003</u> <u>Actual</u>	<u>2004</u> <u>Actual</u>	<u>2005</u> <u>Actual</u>	<u>2006</u> <u>Working</u> <u>Approp.*</u>
Overtime	\$23,182,807	\$20,412,520	\$14,794,929	\$14,759,225	\$25,868,770
Filled PINs	6,801.9	6,822.3	6,700.5	6,436.7	6,293.9
Average daily population	23,751	23,975	23,715	23,178	23,945
Sick leave hours	715,176	717,112	743,705	720,390	723,604

*2006 working appropriation is a full-year projection based on year-to-date spending.

Source: Governor's Budget Books, Department of Public Safety and Correctional Services

As seen in the exhibit, there is no apparent relationship between the amount spent for overtime and filled positions, ADP, and sick leave hours used. However, there are significant fluctuations in overtime spending that lack explanation.

The department should be prepared to comment on what drives overtime spending, especially why overtime spending in fiscal 2006 is on pace to exceed \$25 million, while in fiscal 2005 the department spent less than \$15 million.

Recommended Actions

1. Add the following language:

Provided that the department may not expend funds for educational services in support of Reentry Enforcement Services Targeting Addiction, Rehabilitation, and Treatment (RESTART) pilot programs or any other education programs. The department is authorized to transfer via budget amendment funds designated for the RESTART pilot programs and other education programs to the Maryland State Department of Education, Division of Correctional Education, for the provision of educational services for the RESTART pilot programs and other education programs in the Department of Public Safety and Correctional Services.

Explanation: The General Assembly has expressed its intent that the Maryland State Department of Education (MSDE) provides all educational services at correctional institutions managed by the Department of Public Safety and Correctional Services (DPSCS). This language restricts DPSCS from expending funds for education programs at Division of Correction institutions. The language instead allows DPSCS to transfer education funding to MSDE for the provision of educational services at correctional institutions.

2. Add the following language:

Provided that the department may not expend any funds for Reentry Enforcement Services Targeting Addiction, Rehabilitation, and Treatment (RESTART) at any institution except the Maryland Correctional Training Center and the Maryland Correctional Institution for Women until a report about pre-release inmates is submitted. The report shall contain information about the average length-of-stay in pre-release facilities, what services will be offered to pre-release inmates, and how pre-release inmates will benefit from RESTART services given the length of stay. The report shall be submitted by September 1, 2006. The budget committees shall have 45 days to review and comment on the report.

Explanation: The department has proposed to expand RESTART to the pre-release facilities; however, it does not have information about the average length-of-stay in pre-release. Without this information, it is difficult to evaluate the impact the RESTART programs and services can have on pre-release inmates. This language restricts funds from being spent on the RESTART program except at the two existing pilot sites until a report that includes average-length of stay, a description of services, and the expected benefits from those services is submitted.

Information Request	Author	Due Date
Report on Proposed Expansion of RESTART to Pre-Release Facilities	DPSCS	September 1, 2006

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	<u>Amount</u> <u>Reduction</u>		<u>Position</u> <u>Reduction</u>
3. Abolish new Reentry Enforcement Services Targeting Addiction, Rehabilitation, and Treatment (RESTART) positions and associated funds. Departmentwide there are 300 more vacancies than are required to meet turnover. Therefore, all new positions in the department should be abolished and existing PINs converted to handle the functions the new PINs would have provided. Furthermore, the proposed expansion of RESTART should be limited to the pre-release system to only those inmates who have previously participated in RESTART programs at the two pilot sites. Consequently, the department will not require as many RESTART-related positions in the pre-release system as it anticipated when it proposed offering RESTART services to all inmates in the pre-release system.	\$ 481,211	GF	13.0

4. Add the following language:

Further provided that, the department may only expend funds allocated for Reentry Enforcement Services Targeting Addiction, Rehabilitation, and Treatment (RESTART) programs at the Maryland Correctional Training Center and the Maryland Correctional Institution for Women and for inmates in the pre-release system that have previously participated in RESTART programs for at least one year at the two pilot sites. This restriction does not apply to education funds allocated for institutions outside of RESTART pilot institutions.

Explanation: The General Assembly has expressed concern about the RESTART program expanding to more sites before the General Assembly has had time to evaluate its success. This language allows RESTART to expand to the pre-release facility but only to offer services to those inmates that have already participated in the RESTART program at the two pilot sites. The restriction does not apply to education programs at non-RESTART institutions.

5. Adopt the following narrative:

Report on Reentry on Enforcement Services Targeting Addiction, Rehabilitation, and Treatment (RESTART) Interim Program Measurements: The committees would like to evaluate the progress in the RESTART program before final recidivism data is available. The committees direct the Department of Public Safety and Correctional Services to prepare and submit a report on interim program measurement data. The report shall include completion

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rates and raw participation numbers for education programs, drug treatment programs, job training, specific program-staff vacancy detail, and any other program evaluation data that the department thinks would be useful in evaluating progress. The report shall be provided by September 1, 2006.

Information Request	Author	Due Date
Report on RESTART interim program measurements	DPSCS	September 1, 2006

6. Adopt the following narrative:

Report on Planned Reentry Enforcement Services Targeting Addiction, Rehabilitation, and Treatment (RESTART) Expansion: The committees direct the Department of Public Safety and Correctional Services to develop and report on its planned future RESTART program expansion. The report should include a proposed timeline for expansion and an explanation of how institutions were prioritized, a description of what services would be offered at which sites, estimated costs for both start-up and annualization, and details about anticipated personnel needs. The report shall be submitted to the committees no later than October 1, 2006.

Information Request	Author	Due Date
Report on planned RESTART expansion	DPSCS	October 1, 2006

7. Strike the following language:

~~Authorization is hereby granted to the Department of Public Safety and Correctional Services to add 75 Correctional Officer I positions to staff existing posts in correctional institutions when 95% or more of the fiscal year 2007 budgeted Correctional Officer I, II, and III positions are filled during fiscal year 2007.~~

Explanation: This action strikes language in the budget bill that would allow the department to add 75 correctional officer positions when staffing levels for certain positions reach 95% or more. This blanket authorization to create new PINs is unprecedented. The department can create positions through the Board of Public Works through the Rule of 50 if necessary.

	<u>Amount Reduction</u>		<u>Position Reduction</u>
8. Abolish new Maryland Correctional Enterprises positions and associated funds. Departmentwide there are 300 more vacancies than are required to meet turnover. All new positions in the department	460,004	SF	13.0

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should be abolished and existing PINs should be reclassified to handle the functions the new PINs would have provided.

9. Delete the three deficiency appropriations for contractual services and fuel and utilities. Funds were included in the fiscal 2006 budget for the opening and operation of North Branch Correctional Institution (NBCI). NBCI is now scheduled to open in late October 2006, so the fiscal 2006 operating funds are no longer required. The funds originally budgeted for the operation of NBCI can be used to pay for fuel and utilities and the required contractual services. 5,522,000 GF
10. Reduce the deficiency appropriations for payments on the inmate medical contract. Funds were included in the fiscal 2006 budget for the opening and operation of the North Branch Correctional Institution (NBCI). NBCI is now scheduled to open in late October 2006, so the fiscal 2006 operating funds are no longer required. The funds originally budgeted for the operation of NBCI can be used to pay for the costs of the inmate medical contract that exceed the original budgeted amount and the remainder of the deficiency appropriation. 4,478,000 GF
11. Reduce overtime spending. The enhancements to correctional officer salaries included in the Department of Budget and Management's Personnel allowance should allow for better retention of correctional officers which will, in turn, reduce the need for overtime. 2,000,000 GF
12. Adopt the following narrative:

Report on Prescription Drug Purchasing Options: The committees are interested in exploring alternative methods of purchasing prescription drugs for inmates. The committees direct the Department of Public Safety and Correctional Services and the Department of Health and Mental Hygiene (DHMH) to study and report on whether the State could purchase prescription drugs for inmates through the federal 340B pricing program. The report shall be submitted by September 1, 2006.

Q00B00 – DPSCS – Division of Correction

Information Request	Authors	Due Date
Report on Prescription Drug Purchasing Options	DPSCS DHMH	September 1, 2006

13. Adopt the following narrative:

Report on Medicaid Reimbursements: The committees direct the Department of Public Safety and Correctional Services (DPSCS) and the Department of Health and Mental Hygiene (DHMH) to study and report on the State’s eligibility to get a federal fund Medicaid reimbursement for inmates that are admitted to a hospital. The report shall be provided to the committees by September 15, 2006.

Information Request	Authors	Due Date	
Report on Medicaid Reimbursements	DPSCS DHMH	September 15, 2006	
Total Reductions to Fiscal 2006 Deficiency		\$ 10,000,000	
Total Reductions to Allowance		\$ 2,941,215	26.0
Total General Fund Reductions to Allowance		\$ 2,481,211	
Total Special Fund Reductions to Allowance		\$ 460,004	

Updates

1. Local Jail Reimbursements Status

In the 2005 session DPSCS requested a deficiency appropriation of \$21.3 million to support the payments to local jails (referred to as HB 474 payments). The legislature approved the deficiency at \$20.2 million and instructed the department to transfer funding from other units to attain the requested level. Budget Amendment 05-25 transferred \$1.1 million into DOC Headquarters for this purposed. The additional funds were disbursed to the local jurisdictions prior to June 30, 2005.

The audits of the local jurisdictions, completed in August 2005, determined that the total amount disbursed in fiscal 2005 exceeded the liability by \$1.4 million. The data from the local jurisdictions (per diem rates and inmate days) is under audit. The fiscal 2006 liability will be determined upon completion of the audit of that data in early fall 2006.

The fiscal 2007 allowance is approximately \$24 million which is an increase of approximately \$1.1 million over the fiscal 2006 working appropriation.

Current and Prior Year Budgets

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>
Fiscal 2005					
Legislative Appropriation	\$512,851	\$57,035	\$4,898	\$5,510	\$580,294
Deficiency Appropriation	20,190	0	0	0	20,190
Budget Amendments	3,872	1,157	3,922	804	9,755
Reversions and Cancellations	-1,997	-1,334	-986	-412	-4,729
Actual Expenditures	\$534,915	\$56,858	\$7,836	\$5,901	\$605,511
Fiscal 2006					
Legislative Appropriation	\$549,362	\$55,815	\$9,050	\$5,843	\$620,070
Budget Amendments	3,856	-1,056	0	0	2,800
Working Appropriation	\$553,218	\$54,759	\$9,050	\$5,843	\$622,870

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

Fiscal 2005

General fund spending for fiscal 2005 was approximately \$534.9 million, which is an increase of approximately \$22.1 million over the legislative appropriation. The appropriation was affected by the following items.

- DOC received a \$20.2 million deficiency appropriation for payments to local jails.
- Budget amendments account for an increase of approximately \$3.9 million. Within this, the cost-of-living adjustment (COLA) amendment added approximately \$5.5 million to the appropriation. The appropriation was reduced by approximately \$1.2 million as the funds were realigned departmentwide to match actual spending. An amendment realigning funds departmentwide to match actual employee and retiree health insurance expenditures further reduced the appropriation by approximately \$312,000.
- The division reverted approximately \$2 million to the general fund. This includes approximately \$313,000 of unspent restricted RESTART funds. The remainder of the reverted funds is from unspent funds allocated for employee and retiree health insurance.

Special fund spending for fiscal 2005 in the DOC was approximately \$56.9 million.

- Budget amendments increased the appropriation by approximately \$1.2 million. The largest portion, \$700,000, is from overattainment of revenues within Maryland Correctional Enterprises. The remainder is comprised of \$412,000 of Inmate Welfare Funds and \$45,000 for inmate medical care contract costs at the Jessup Pre-Release Unit.
- The division cancelled over \$1.3 million of inmate welfare funds.

The division spent approximately \$7.8 million of federal funds in fiscal 2005. This is an increase of \$2.9 million over the legislative appropriation.

- Budget amendments increase the appropriation by approximately \$3.9 million. The largest portion of this amount, \$2.8 million, is funds paid to the division for housing federal inmates at the Maryland Correctional Adjustment Center. This amount is a reimbursement and is higher than was originally anticipated. The remaining approximately \$1.1 million is compensation to the division for housing criminal aliens under the State Criminal Alien Assistance Program.
- The division cancelled approximately \$986,000 in federal funds. Approximately \$445,000 of this was due to underattainment of estimated reimbursements from the Federal Marshal for housing federal prisoners. The remaining, approximately \$571,000, is from a U.S. Department of Justice grant for the Offender Reentry Program.

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Reimbursable fund spending was approximately \$5.8 million.

- Budget amendments increased the appropriation by approximately \$804,000. Improvements in Energy Performance at the Maryland Correctional Institution in Hagerstown were financed through the Maryland Energy Administration in the amount of \$500,000. Approximately \$154,000 was a grant through the Maryland Emergency Management Agency for specialized emergency response equipment. The remaining \$149,000 is from the Governor's Office of Crime Control and Prevention for re-entry programs and group therapy.
- The division cancelled approximately \$412,000 of reimbursable funds. The majority of this was for unexpended grant funds.

Fiscal 2006

The general fund working appropriation in the DOC for fiscal 2006 is approximately \$553 million.

- Budget amendments increase the general fund appropriation by approximately \$3.9 million. The COLA amendment added approximately \$4.3 million to the working appropriation. A transfer to the State Department of Education (MSDE) for RESTART education services reduced the working appropriation by \$423,000.

The special fund working appropriation is approximately \$54.8 million. The department transferred approximately \$1.1 million to MSDE for non-RESTART education services.

Audit Findings

Audit Period for Last Audit:	July 1, 2000 – November 4, 2003
Issue Date:	April 2004
Number of Findings:	5
Number of Repeat Findings:	3
% of Repeat Findings:	60%
Rating: (if applicable)	n/a

Jessup Region

- Finding 1:*** The region had not established proper internal controls over the processing of disbursement transactions.
- Finding 2:*** Equipment records were not adequately maintained.
- Finding 3:*** The region had not established proper controls over materials and supplies, including storeroom record keeping and inventory procedures.
- Finding 4:*** Proper internal control had not been established over adjustments to the region's payroll.
- Finding 5:*** The region had not established proper internal controls over inmate fund disbursements.

* Bold denotes item repeated in full or part from preceding audit report.

**Object/Fund Difference Report
DPCS Division of Correction**

<u>Object/Fund</u>	<u>FY05 Actual</u>	<u>FY06 Working Appropriation</u>	<u>FY07 Allowance</u>	<u>FY06 - FY07 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	7218.50	7309.50	7334.50	25.00	0.3%
02 Contractual	32.50	71.06	71.02	-0.04	-0.1%
Total Positions	7251.00	7380.56	7405.52	24.96	0.3%
Objects					
01 Salaries and Wages	\$ 376,672,612	\$ 402,897,926	\$ 441,755,127	\$ 38,857,201	9.6%
02 Technical & Spec Fees	863,091	1,537,867	1,612,401	74,534	4.8%
03 Communication	1,929,178	2,227,182	2,023,682	-203,500	-9.1%
04 Travel	283,016	316,015	304,057	-11,958	-3.8%
06 Fuel & Utilities	31,490,665	28,509,283	34,592,041	6,082,758	21.3%
07 Motor Vehicles	2,853,745	3,506,414	2,932,742	-573,672	-16.4%
08 Contractual Services	74,054,121	86,887,675	115,235,122	28,347,447	32.6%
09 Supplies & Materials	55,819,558	52,356,445	57,375,227	5,018,782	9.6%
10 Equip - Replacement	915,506	364,962	568,294	203,332	55.7%
11 Equip - Additional	2,548,718	811,210	828,105	16,895	2.1%
12 Grants, Subsidies, and Contributions	55,983,653	41,235,368	43,124,529	1,889,161	4.6%
13 Fixed Charges	1,596,903	2,219,248	2,395,046	175,798	7.9%
14 Land & Structures	500,000	0	0	0	0.0%
Total Objects	\$ 605,510,766	\$ 622,869,595	\$ 702,746,373	\$ 79,876,778	12.8%
Funds					
01 General Fund	\$ 534,915,153	\$ 553,217,597	\$ 625,796,135	\$ 72,578,538	13.1%
03 Special Fund	56,858,293	54,759,147	63,218,540	8,459,393	15.4%
05 Federal Fund	7,836,358	9,050,000	8,820,451	-229,549	-2.5%
09 Reimbursable Fund	5,900,962	5,842,851	4,911,247	-931,604	-15.9%
Total Funds	\$ 605,510,766	\$ 622,869,595	\$ 702,746,373	\$ 79,876,778	12.8%

Note: The fiscal 2006 appropriation does not include deficiencies, and the fiscal 2007 allowance does not reflect contingent reductions.

**Fiscal Summary
DPSCS Division of Correction**

<u>Program/Unit</u>	<u>FY05 Actual</u>	<u>FY06 Wrk Approp</u>	<u>FY07 Allowance</u>	<u>Change</u>	<u>FY06 - FY07 % Change</u>
01 General Administration	\$ 7,337,153	\$ 8,685,063	\$ 9,326,439	\$ 641,376	7.4%
02 Classification, Education & Religious Services	43,080,317	28,131,822	29,434,368	1,302,546	4.6%
03 Canine Operations	1,633,558	1,543,882	1,631,258	87,376	5.7%
01 Maryland House of Correction	35,567,124	35,154,090	40,431,234	5,277,144	15.0%
02 Maryland House of Correction Annex	33,809,255	35,336,075	41,061,230	5,725,155	16.2%
03 Maryland Correctional Institution - Jessup	26,594,386	26,559,761	29,980,423	3,420,662	12.9%
01 Metropolitan Transition Center	35,479,790	35,539,938	39,942,259	4,402,321	12.4%
03 Maryland Correctional Adjustment Center	15,041,232	16,109,720	17,694,836	1,585,116	9.8%
04 Maryland Reception, Diagnostic, and Classification	29,668,691	31,005,548	33,726,541	2,720,993	8.8%
05 Baltimore Pre-Release Unit	3,475,882	3,766,968	4,205,136	438,168	11.6%
06 Home Detention Unit	5,291,050	5,273,688	6,025,807	752,119	14.3%
07 Baltimore City Correctional Center	8,416,070	9,957,635	10,505,615	547,980	5.5%
01 Maryland Correctional Institution - Hagerstown	45,156,074	46,389,060	51,638,849	5,249,789	11.3%
02 Maryland Correctional Training Center	46,338,341	51,352,088	59,980,460	8,628,372	16.8%
03 Roxbury Correctional Institution	32,863,873	35,518,346	39,934,594	4,416,248	12.4%
01 Maryland Correctional Institution for Women	21,373,644	22,772,520	26,466,240	3,693,720	16.2%
02 Pre-Release Unit for Women	4,588,757	5,048,921	5,099,906	50,985	1.0%
01 General Administration	6,369,796	7,092,585	7,076,546	-16,039	-0.2%
02 Brockbridge Correctional Facility	12,357,002	12,931,846	14,897,043	1,965,197	15.2%
03 Jessup Pre-Release Unit	11,309,718	11,356,435	13,608,746	2,252,311	19.8%
05 Southern Maryland Pre-Release Unit	3,216,672	3,385,267	4,029,954	644,687	19.0%
06 Eastern Pre-Release Unit	3,428,010	3,493,316	3,956,643	463,327	13.3%
11 Central Laundry Facility	10,546,090	10,591,748	11,904,480	1,312,732	12.4%
12 Toulson Boot Camp	8,426,546	8,604,065	9,677,135	1,073,070	12.5%
01 Eastern Correctional Institution	65,751,626	69,672,389	78,255,865	8,583,476	12.3%
02 Poplar Hill Pre-Release Unit	3,253,547	3,372,264	3,935,305	563,041	16.7%
01 Western Correctional Institution	38,509,080	39,276,072	43,416,291	4,140,219	10.5%
02 North Branch Correctional Institution	6,672,427	16,999,504	20,026,276	3,026,772	17.8%
01 State Use Industries	39,955,055	37,948,979	44,876,894	6,927,915	18.3%
Total Expenditures	\$ 605,510,766	\$ 622,869,595	\$ 702,746,373	\$ 79,876,778	12.8%

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General Fund	\$ 534,915,153	\$ 553,217,597	\$ 625,796,135	\$ 72,578,538	13.1%
Special Fund	56,858,293	54,759,147	63,218,540	8,459,393	15.4%
Federal Fund	7,836,358	9,050,000	8,820,451	-229,549	-2.5%
Total Appropriations	\$ 599,609,804	\$ 617,026,744	\$ 697,835,126	\$ 80,808,382	13.1%
Reimbursable Fund	\$ 5,900,962	\$ 5,842,851	\$ 4,911,247	-\$ 931,604	-15.9%
Total Funds	\$ 605,510,766	\$ 622,869,595	\$ 702,746,373	\$ 79,876,778	12.8%

Note: The fiscal 2006 appropriation does not include deficiencies, and the fiscal 2007 allowance does not reflect contingent reductions.