

V10A
Department of Juvenile Services

Operating Budget Data

(\$ in Thousands)

	<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>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$177,761	\$176,721	\$216,162	\$39,441	22.3%
Special Fund	8,125	2,253	253	-2,000	-88.8%
Federal Fund	15,925	16,897	15,007	-1,890	-11.2%
Reimbursable Fund	<u>1,936</u>	<u>306</u>	<u>306</u>	<u>0</u>	
Total Funds	\$203,747	\$196,177	\$231,728	\$35,551	18.1%

- Fiscal 2006 deficiency appropriations total almost \$21 million, \$3 million in PAYGO funds for renovations at the Baltimore City Juvenile Justice Center (BCJJC) and \$18 million in operating funds. Just over \$4.4 million in operating fund deficiencies relate to fiscal 2005.
- The growth in the fiscal 2007 budget is over \$35.5 million, 18.1% over the fiscal 2006 working appropriation. This growth is overstated given that the fiscal 2006 operating deficiency appropriations are for ongoing expenses. Even so, once adjusted, growth is still robust at \$22 million, 11%.
- Much of the growth in the fiscal 2007 is aimed at shoring up the department's neglected infrastructure needs as well as funding ongoing costs consistent with reasonable expectations.

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	1,962.85	2,080.85	2,080.85	0.00
Contractual FTEs	<u>543.00</u>	<u>242.85</u>	<u>138.65</u>	<u>-104.20</u>
Total Personnel	2,505.85	2,323.70	2,219.50	-104.20

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	114.45	5.50%
Positions Vacant as of 12/31/05	179.00	8.60%

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

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- The overall regular position count is unchanged in the fiscal 2007 allowance; although 17 new positions are created, 17 existing positions are abolished. However, the fiscal 2006 allowance continues to fund positions that had been expected to be abolished with the closure of committed programming at the Hickey School. These positions have been allocated throughout the department.
- The department continues to struggle to retain direct care workers.

Analysis in Brief

Major Trends

Populations: Secure detention and pending placement numbers have climbed dramatically in recent months. Committed residential populations continue to fall.

Recidivism: Recidivism data continues to show mixed results. Long-term trends for recidivism for youth within two years of release show improvement, but for three years they are worse. Short-term trends are mixed.

Issues

Facilities Master Plan: The long-awaited Facilities Master Plan was delivered in January 2006. The plan is responsive to the guiding principles established by the legislature in legislation requiring the plan's development although questions remain.

Increased Oversight of Group Homes Considered: During the 2005 interim, hearings were held by various committees on the oversight currently afforded over group home placements. Based on its review, the Department of Legislative Services (DLS) findings and recommendations are provided.

The Civil Rights of Institutionalized Persons Act (CRIPA) Settlement for Cheltenham and the Hickey School; CRIPA Investigation Opened at BCJJC: In June 2005, the State and the U.S. Department of Justice signed an agreement regarding a long-standing investigation of conditions at Cheltenham and the Hickey School. A similar investigation is now underway at BCJJC.

Grandfathered Staff: In 2000, the Department of Juvenile Services (DJS) established new standards for employment of direct care staff in the department. However, existing staff were grandfathered from those requirements. At the same time, grandfathered staff appear to disproportionately violate the department's standards of conduct.

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Disproportionate Minority Confinement within the Juvenile Justice System: New data developed by the department indicate disproportionate minority contact at various points within the juvenile justice system. At the same time, the personnel charged with monitoring this issue within the department have been moved to the Governor’s Office of Crime Control and Prevention.

Recommended Actions

	<u>Funds</u>	<u>Positions</u>
1. Add budget language to require the Department of Health and Mental Hygiene, the Department of Human Resources, and the Department of Juvenile Services to report on retained earnings by group home providers.		
2. Add budget bill language requiring the Department of Health and Mental Hygiene, the Department of Human Resources, and the Department of Juvenile Services to submit provider audits to the Maryland State Department of Education (MSDE) so that MSDE can incorporate review of the audits into the rate setting process.		
3. Add budget language to require the Department of Health and Mental Hygiene, the Department of Human Resources, and the Department of Juvenile Services to submit a report on proposed minimum direct care spending.		
4. Add budget language to require the Department of Human Resources, the Department of Juvenile Services, and the Maryland State Department of Education to report on a methodology for incorporating performance-based incentives into the fiscal 2008 rates for group homes.		
5. Add budget language restricting funding for salaries and wages to that purpose.		
6. Delete five vacant administrative positions at the Department of Juvenile Services Headquarters.	\$ 271,000	5.0
7. Delete funding for information technology upgrades at Cheltenham.	1,800,000	
8. Reduce funding for replacement computer equipment.	216,000	
9. Reduce funds for vehicle maintenance.	100,000	

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10.	Reduce funding based on estimates of donations across the department.	110,000	
11.	Add budget language to require the Department of Juvenile Services to report on the development of a procedure to seek Medicaid reimbursement for behavioral health evaluations delivered in community settings.		
12.	Reduce funding for medicine and related supplies.	100,000	
13.	Reduce funds for non-residential programming.	144,000	
14.	Adopt narrative requesting the Department of Juvenile Services report to the budget committees on its enhanced regionalization initiative.		
	Total Reductions	\$ 2,741,000	5.0

Updates

Progress Made in Implementation of Two-way Radios but....: Fiscal 2006 budget bill language withheld funds for the implementation of two-way radios throughout the department's facilities until a proof of concept report was submitted based on a similar system developed with federal funds at BCJJC. Those funds were ultimately released, and the roll-out of the two-way radios is detailed.

.... Not So Much Progress Made on Numerous Other Joint Chairmen's Reports: Numerous reports requested in the April 2005 *Joint Chairmen's Report* have not been submitted in a timely manner.

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Operating Budget Analysis

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 two areas:

- **Office of the Secretary**; and
- **Departmental Support** which includes such functions as human resources, capital planning, property management, procurement, information technology (IT), professional development and training; and professional responsibility and accountability (for example, audits, professional standards, and quality assurance).

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

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

Additionally, beginning in fiscal 2006, DJS is experimenting with the concept of enhanced regional authority for its recently adopted four region configuration. At this point, the pilot for this regionalization initiative is Region 3 (Montgomery, Howard, Carroll, Frederick, Washington, Allegany, and Garrett counties).

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

Juvenile Arrest Data

Exhibit 1 presents certain juvenile arrest data for calendar 2000 through 2004. The data uses distinctions found in the *Uniform Crime Reports*. Part 1 arrests are those 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 2000 – 2004

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>Ann % Change 00-04</u>	<u>Ann % Change 03-04</u>
Total Arrests	48,167	48,318	46,503	50,741	51,649	1.8%	1.8%
Arrest Rate	7,877	7,674	7,269	7,759	8,273	1.2%	6.6%
Part 1 Arrests	15,629	14,993	14,526	15,582	15,910	0.4%	2.1%
Part 1 Arrest Rate	2,556	2,381	2,271	2,383	2,549	-0.1%	7.0%
Part 1 Arrests:							
a. Violent Crimes	3,204	3,244	3,081	3,199	3,285	0.6%	2.7%
Violent Crime Rate	524	515	482	489	526	0.1%	7.6%
b. Property Crimes	12,425	11,749	11,445	12,383	12,625	0.4%	2.0%
Property Crime Rate	2,032	1,866	1,789	1,894	2,022	-0.1%	6.8%
Part 2 Arrests	32,538	33,325	31,977	35,159	35,739	2.4%	1.6%
Part 2 Arrest Rate	5,321	5,293	4,998	5,376	5,725	1.8%	6.5%

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

Source: U.S. Census; *Uniform Crime Reports*; Department of Legislative Services

In the discussion of this data during fiscal 2006 budget deliberations, it was noted that long-term trends (over five years) were mixed, and short-term trends (over two years) were universally worse. This picture is even less favorable for data through 2004. Long-term trends are almost universally worse and short-term trends are also all negative. However, while short-term trends are negative, the rate of growth from 2003 to 2004 is slower than between 2002 and 2003

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except in one category: the violent crime rate which increased 7.6% in 2004 over 2003 compared to a 1.6% increase in 2003 over 2002. Indeed, last year, while the number of arrests (total, Part 1 and Part 2) jumped significantly, the rate of arrests was less marked. This year the opposite is true: while the number of arrests is increasing, the rate of arrests increase more significantly.

In terms of DJS workload, there has always been a fairly consistent relationship between the number of juvenile arrests and the complaints handled by the department. However, data for the most recently completed fiscal year, which includes six months of arrest data from 2004, shows a decrease in complaints.

National juvenile arrest data is generally one year behind the available State data. Comparisons between the national data and State data are always made with the reservation that local arrest data naturally reflects local attributes (for example, policing standards, reporting standards, and priorities). Nevertheless, as shown in **Exhibit 2**:

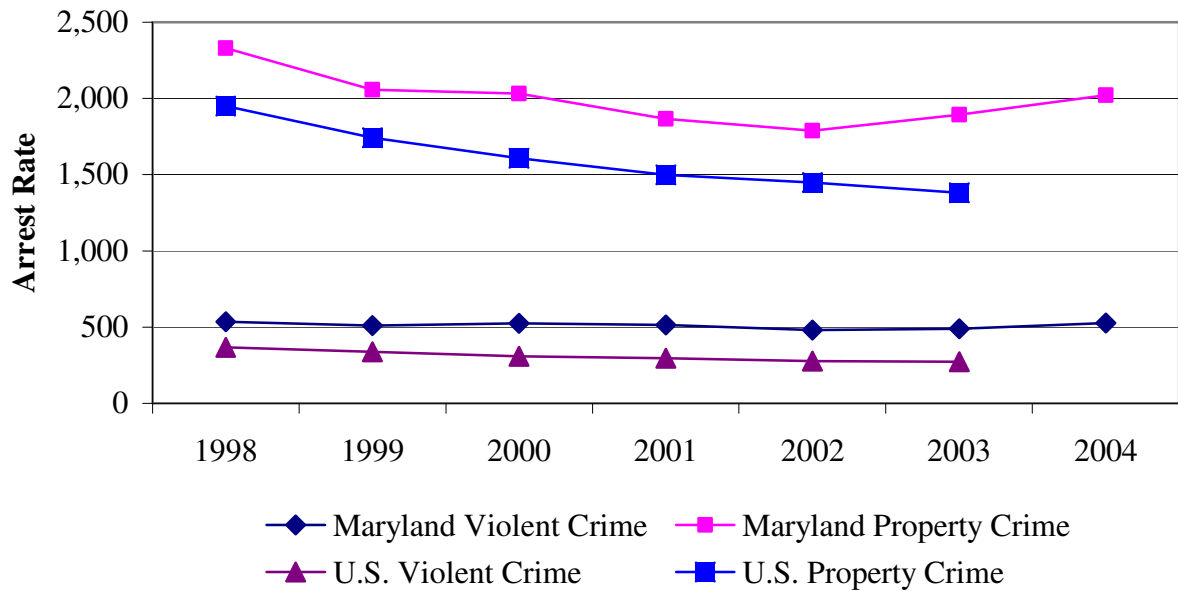
- Between 1998 and 2003, national juvenile violent and serious property crime rates fell. After several years of falling, however, Maryland's violent and serious property crime rate bucked this trend and increased and continued to increase in 2004.
- Over the same period, the rate of decline at the national level was greater than that at the State level for both violent crime (an annual average decline of 5.8% nationally compared to 1.8% in Maryland) and serious property crime (an annual average decline of 6.7% nationally compared to 4.1% in Maryland).
- While Maryland's violent crime and property crime index rose in 2003 and 2004, index rates are still below earlier levels. For example, as shown in Exhibit 2, neither rate has returned to 1998 levels.

DJS Populations

DJS handled 51,458 total complaints in fiscal 2005, a decrease from fiscal 2004 (4.25%). **Exhibit 3** provides details on disposition for those cases for which the complaint disposition was known. The fiscal 2005 data reinforce trends that have become apparent in recent years:

- Formal cases, those complaints determined by an intake officer as requiring formal court action in order to protect the public and ensure offender accountability, are virtually unchanged over the five-year period and also from fiscal 2004 to 2005.
- 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, continue to increase and now represent one-third of all dispositions. DJS has come virtually full circle from the late 1990s when an effort was made to limit cases resolved at intake – underscoring the notion within the juvenile justice system that actions have consequences.

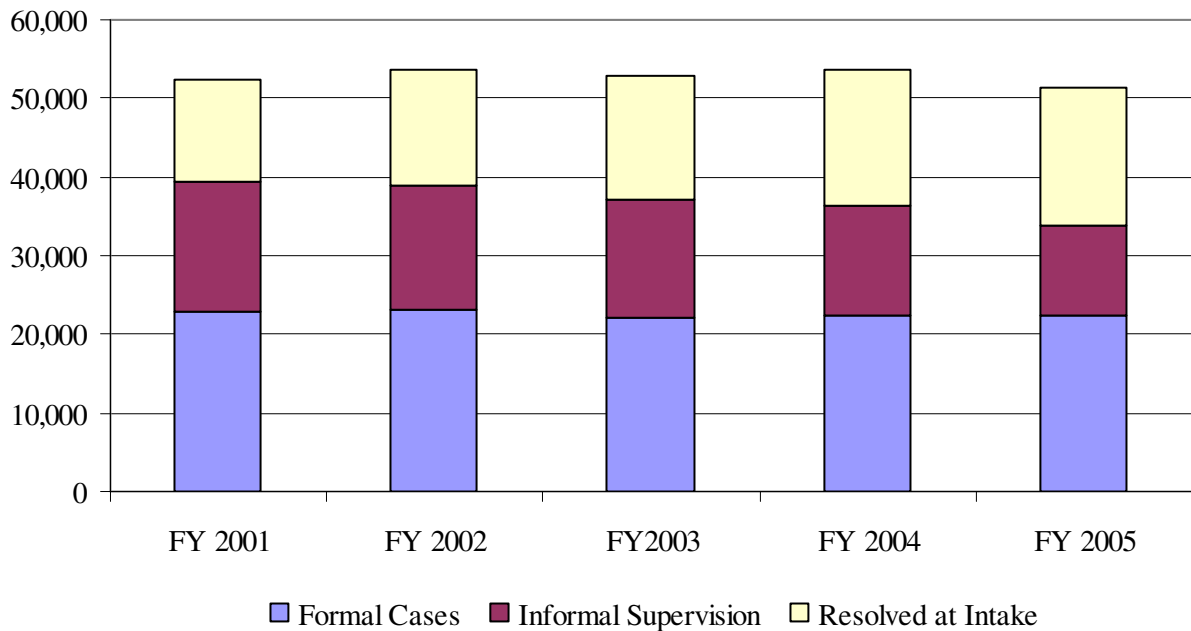
Exhibit 2
Juvenile Violent and Serious Property Crime Index
Maryland and the United States
1998 – 2004



Note: Arrest rate per 100,000 juveniles age 10 through 17. Data for the United States for 2004 are not available.

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

**Exhibit 3
Department of Juvenile Services Complaint Disposition
Fiscal 2001 – 2005**



Note: In fiscal 2001 through 2005, DJS was not able to confirm the complaint disposition of 163, 533, 639, 192, and 167 complaints respectively.

Source: Department of Juvenile Services

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. There is a sharp drop in the extent of informal supervision in fiscal 2005 from 2004, 16.8%, much sharper than in prior years. The implementation of a new risk and needs assessment tool to be administered to all youth entering intake in order to focus on those youth who are most likely to benefit from further intervention may have accelerated the decline that was in any event taking place in this kind of complaint disposition.

Placement Trends

Between fiscal 2004 and 2005, DJS placement trends were generally moving in the direction sought by the department: the use of secure detention was falling, the use of committed placements was falling, and even if the pending placement population was not falling, at least average length of stay (ALOS) was improving.

Although the decline in the committed population continues through the first half of fiscal 2006, secure detention is increasing, and the pending placement population also rises dramatically.

It is unclear why the use of secure detention is increasing. The trends in pending placement and committed populations clearly relate to the closure of committed capacity at the Hickey School, and in particular the secure committed programming at that facility. However, it is not certain if the extent of the pending placement population increase can only be explained by the closure of Hickey committed programs. Other contributing factors may include the department's reluctance to utilize private per diem placements to the same extent as in the past, not least because its budget for these placements in fiscal 2006 was so significantly underfunded. Alternatively, the issue may relate to the specific placement types required by youth in pending placement. Most likely, it is a combination of all three.

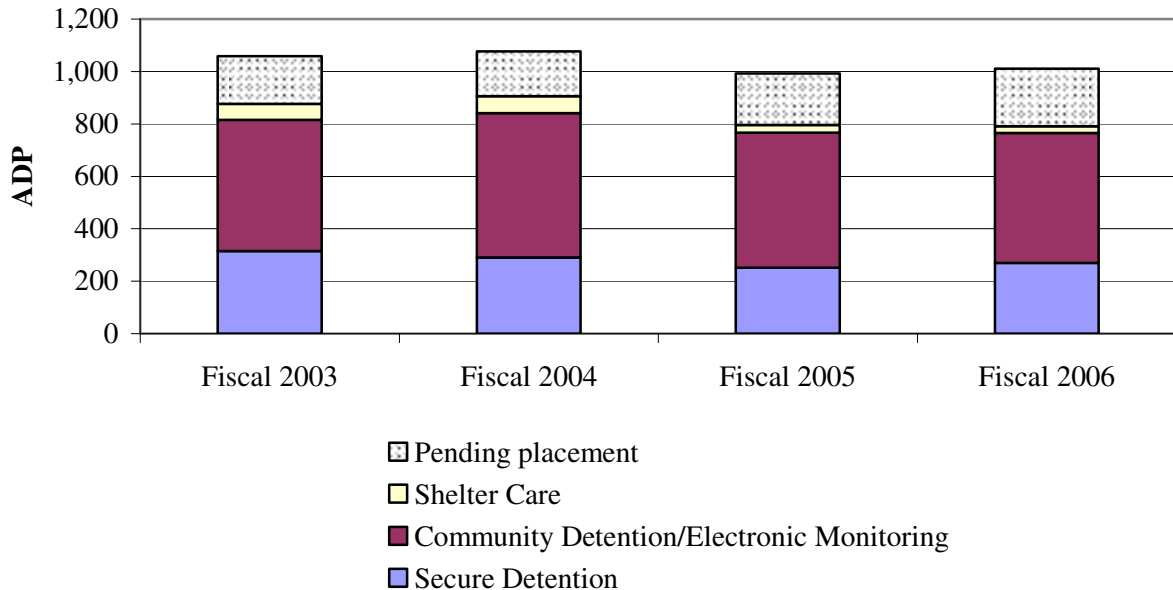
Additional detail on these placement trends is provided below.

Pre-adjudication/Pending Placement Population

Exhibit 4 details average daily population (ADP) trends for DJS's more intensive pre-adjudication programs as well as the pending placement population (youth who have been adjudicated delinquent and are held in secure detention, community detention usually in combination with electronic monitoring, or shelter care pending a permanent committed placement). A number of points can be made from this chart:

- The utilization of secure detention to date in fiscal 2006 has increased by 7% over 2005, although utilization is still 5% below fiscal 2003 levels. Overall, the department's efforts to limit the use of secure detention through risk assessment tools, a confinement review process, and the development of detention alternatives appears successful, but the recent increase in secure detention utilization bears monitoring. Indeed, at the time of writing, the one-day secure detention pre-adjudication population was at 330, 23% above the ADP average year-to-date.

**Exhibit 4
Various Pre-adjudication and Pending Placement Data
Fiscal 2003 – 2006**



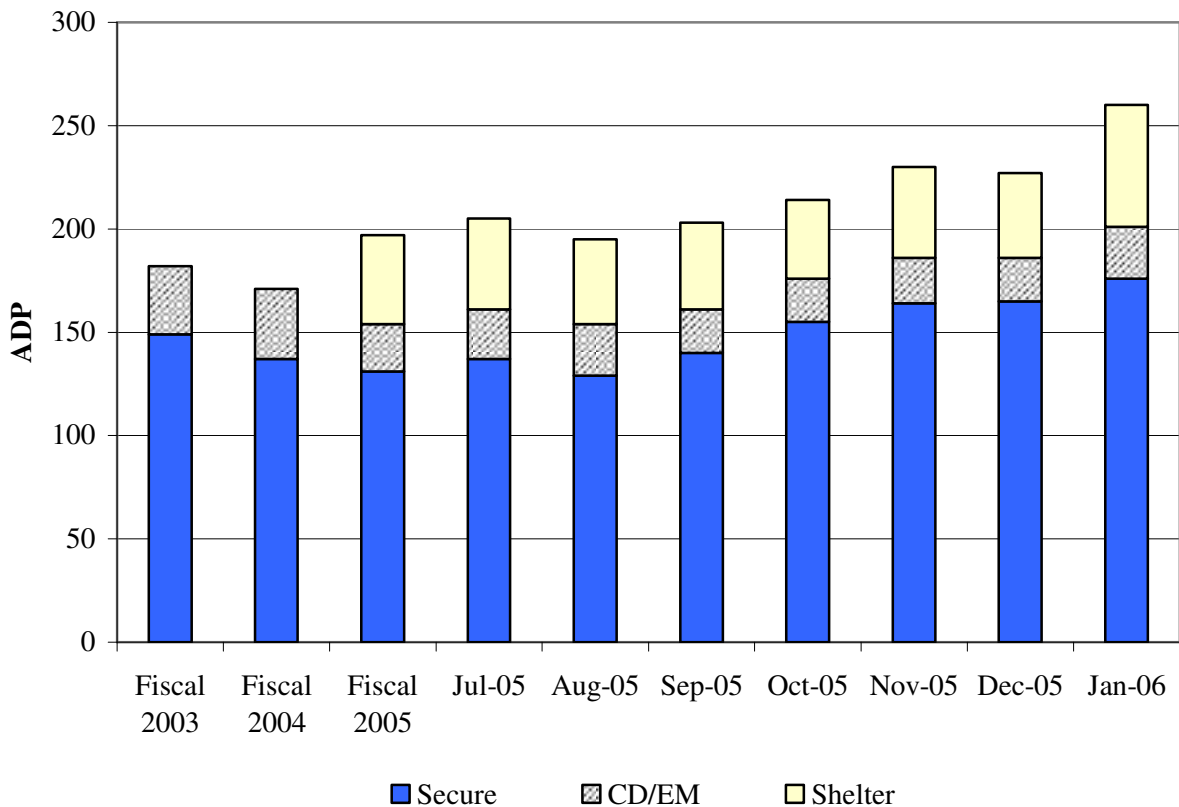
Note: Fiscal 2006 data are through January 2006. Prior to fiscal 2005, shelter care data did not distinguish between pre-adjudication and pending placement status.

Source: Department of Juvenile Services; Department of Legislative Services

- Interestingly, the use of community detention/electronic monitoring (CD/EM) which had been growing strongly now appears to be in decline. Certainly, overall use from fiscal 2003 to 2006 is unchanged, and the more recent trend is towards lower utilization. This may be a response to the December 2004 Gap Analysis Report that attributed the prior high use of CD/EM to “net widening,” that is rather than only diverting youth from secure detention into an alternative program, the expansion of CD/EM also drew into the program youth who do not need that level of supervision.
- Shelter care utilization appears to fall sharply. However, that is misleading. Prior to fiscal 2005, DJS did not distinguish its use of shelter care between pre-adjudication and pending placement. Now that distinction is made. Taken together, pre-adjudication and pending placement utilization of shelter care is relatively unchanged between fiscal 2003 and 2006.

- The dispiriting trend continues to be that of the pending placement population. While the growth between fiscal 2003 and 2006 (6%), indicated in Exhibit 4, is also likely misleading because shelter care utilization in fiscal 2003 and 2004 includes pending placement youth, what is concerning is the increase in pending placement between fiscal 2005 and 2006 (11%). Indeed, as shown in **Exhibit 5**, since the beginning of the fiscal year, the pending placement population has risen almost inexorably.

Exhibit 5
Department of Juvenile Services Pending Placement Population
The Hickey Effect?
Fiscal 2003 – 2006



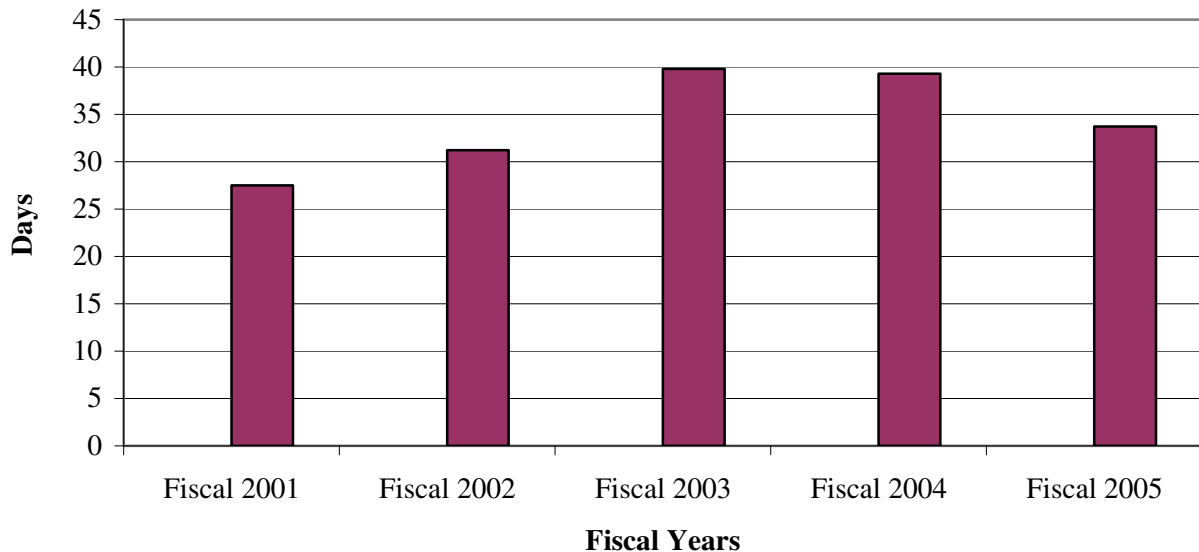
Source: Department of Juvenile Services

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Added to the increase in secure detention, this increase has put pressure on the secure detention facilities. For example, at the time of writing, BCJJC was housing 154 youth (compared to the 72 youth that the recent Facilities Master Plan indicated was the maximum population for that facility) and Cheltenham 117 youth (well over the operating goal of 70 youth).

The pending population problem would be even worse but for a reduction in pending placement ALOS as shown in **Exhibit 6**. The ALOS in pending placement fell from 39.3 days in fiscal 2004 to 33.7 days in fiscal 2005, but remains much higher than as recently as fiscal 2002 and above the last stated departmental benchmark for pending placement of 25 days. (It should be noted that in the 2005 session, DJS reported pending placement ALOS for fiscal 2004 as 36 days, at that time an improvement over fiscal 2003. In fact, as shown in Exhibit 6, ALOS between fiscal 2003 and 2004 was virtually unchanged.)

Exhibit 6
Department of Juvenile Services
Pending Placement ALOS
Fiscal 2001 – 2005



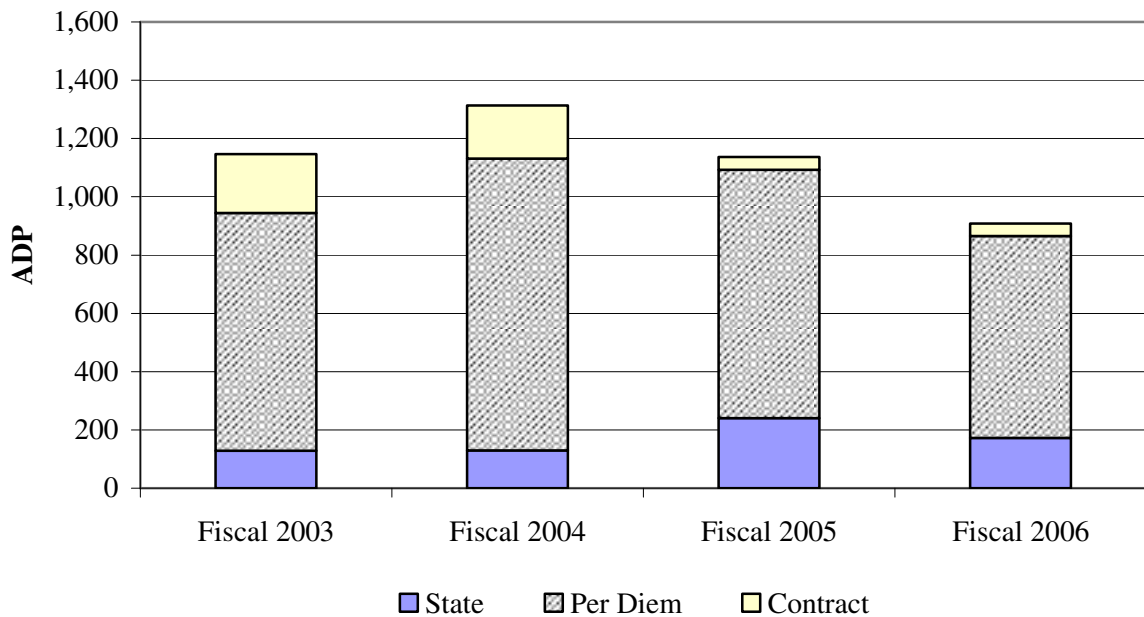
ALOS = Average length of stay

Source: Department of Juvenile Services

Committed Residential Population

As shown in **Exhibit 7**, through the first six months of fiscal 2006, the ADP of youth in committed residential programs continues the downward trend begun last year. The exhibit also illustrates a change in the mix of service delivery for this population. With the State takeover of programming at the Hickey School, only one major residential committed program is now operated by a private contractor at a State-owned facility: O’Farrell. However, the closure of the Hickey School committed programming is evident in the fiscal 2005 data with regard to State-run programming. The majority of youth committed to residential placements, 76% in fiscal 2006, continue to be placed in private per diem facilities (a mix of foster care, group homes, and residential treatment centers). Although, clearly the number of per diem placements is down in fiscal 2006, particularly in group homes.

Exhibit 7
Committed Residential Populations ADP
Fiscal 2003 – 2006



Note: Fiscal 2006 data are through December 2005. Data does not include ADP for drug treatment. This data has been unreliable in recent years.

Source: Department of Juvenile Services; Department of Legislative Services

In terms of out-of-state placements by DJS, the use of such placements year-to-date has not significantly increased over fiscal 2005, averaging 66 on any given day. However, this number did begin to rise sharply towards the end of calendar 2005, reaching a high of 79 in January 2006.

Recidivism Rates

Exhibit 8 presents recidivism rates for youth released from residential placements within two and three years. Recidivism includes both the juvenile and adult criminal justice system and represents the fuller picture of recidivism for those older youth who age-out of the juvenile justice system. Data reflects the most serious subsequent penetration of the juvenile or criminal system by a youth.

Exhibit 8
Recidivism Rates to the Juvenile Justice and Criminal Justice System for Youth Released from Residential Placements within Two and Three Years
Various Years

	Fiscal 1998		Fiscal 2001		Fiscal 2002		Fiscal 2003	
	<u>2</u> <u>Years</u>	<u>3</u> <u>Years</u>	<u>2</u> <u>Years</u>	<u>3</u> <u>Years</u>	<u>2</u> <u>Years</u>	<u>3</u> <u>Years</u>	<u>2</u> <u>Years</u>	<u>3</u> <u>Years</u>
Re-referral Juvenile/Criminal	71	72	69	75	70	76	66	
Re-adjudication/Conviction	44	45	44	57	45	62	42	
Re-commitment/Incarceration	32	32	31	38	29	44	27	

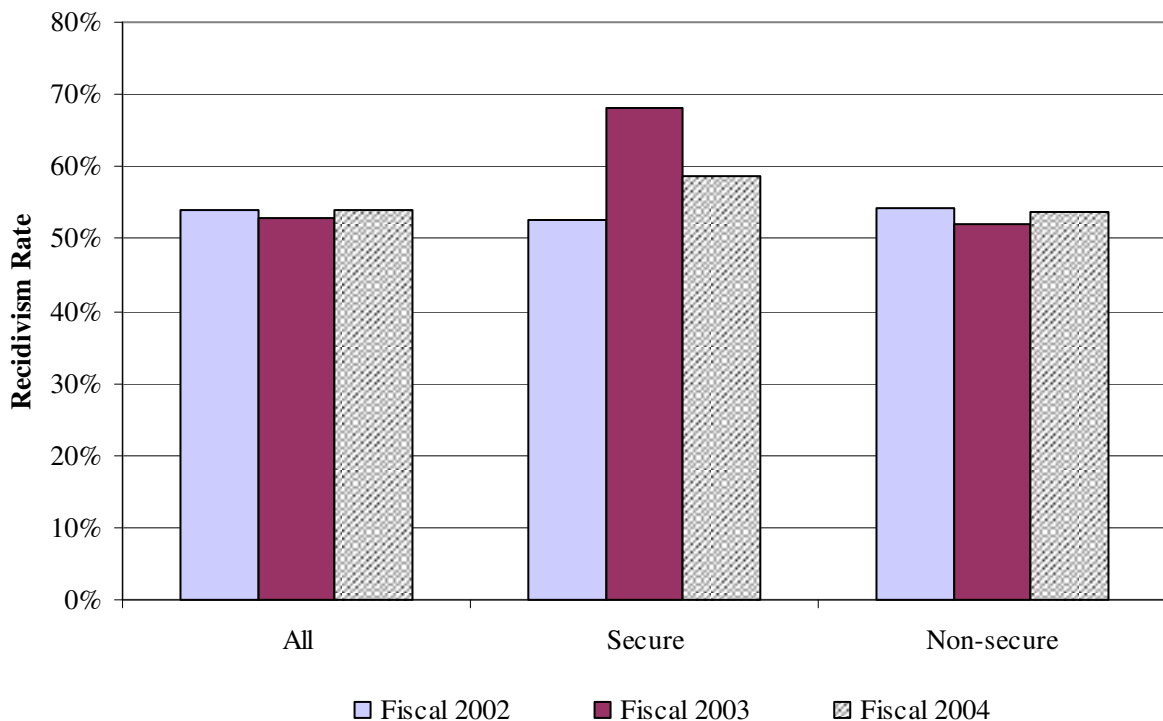
Source: Department of Juvenile Services; Department of Legislative Services

A number of points can be made from the exhibit:

- Long-term trends (fiscal 1998 to 2003) for recidivism after two years of release show some improvement, although most of that change is limited to the period from fiscal 2002 to 2003. The decline in re-referrals/arrests to the juvenile and criminal systems is the largest change (71 to 66%).
- If three-year recidivism data is used, however, trends (fiscal 1998 to 2002) for recidivism are somewhat discouraging. Re-referral/arrest rates, readjudication/conviction and recommitment/incarceration rates all worsen.

- What is particularly interesting about this comparison from fiscal 1998 to the more recent data set is that the earlier data is actually drawn from a more limited set of youth, namely those in State-operated facilities or State-contracted facilities, while the more recent data includes all residential programs. Intuitively, it would be expected that recidivism data that includes youth in the State-operated or State-contracted facilities only would be higher as the broader group of programs include youth in less restrictive settings (and indeed this is the case for the more recent data). Thus, the long-term three-year recidivism trends are even more disheartening.
- Looking only at one-year trends for the most recent years, the recidivism picture is mixed. As shown in **Exhibit 9**, recidivism within one year of release from a residential program in terms of re-referral/arrest is flat. Recidivism from secure programs (which make up 20% of the releases in fiscal 2002 down to 5% in fiscal 2004) is up over the three year period, and at 59% in fiscal 2004 is somewhat higher than the 54% for the non-secure programs.

Exhibit 9
Re-referrals to Adult or Juvenile System within
One Year of Release from a Residential Placement
Fiscal 2002 – 2004



Source: Department of Juvenile Services

Fiscal 2006 Actions

Proposed Deficiencies

There are three deficiency appropriations for fiscal 2006:

- \$3 million as a PAYGO appropriation to renovate space at the Baltimore City Juvenile Justice Center (BCJJC) for education programs (this issue is discussed in a separate PAYGO analysis);
- \$4.951 million for regular personnel expenditures; and
- \$13 million for per diem placements.

Staff salaries

As detailed in the Governor's budget, the funding for regular personnel expenditures is broken down into two items: just over \$2.2 million to reduce turnover expectancy and just over \$2.7 million for anticipated overtime. However, based on a review of salary expenditures through the first half of the fiscal year, as appropriated by the legislature (including the restriction of \$3.2 million in contractual salary spending to reduce agency turnover), the DJS budget can accommodate current salary expenditure levels, not least because current vacancy rates remain high, 8.6%.

Further, salary expenditures could have been anticipated to fall in the second half of the year because of the closure of committed programming at the Hickey School. The transition plan for the Hickey School called for staffing the facility with 154 full-time equivalent (FTE) positions, 21 FTE positions were to be reallocated, and 77 positions were to be unused with savings generated to cover other community initiatives and placement services. In July 2005, DJS indicated that these savings would be sufficient to cover the costs associated with the closing of committed programming at the Hickey School.

Thus, the problem for DJS is not that its personnel budget is inadequate, but rather it already anticipates needing those funds to offset other expenditures. For example:

- The number of vacant positions is actually below the level required to meet turnover and fund the level of community initiatives and placements for the Hickey School youth that were to be supported by vacant positions. Because DJS has not kept the required number of positions vacant to support those additional expenses, it does not have sufficient funding to cover such contracts as a \$1.7 million contract with the University of Maryland Baltimore County through its Refocus and Opportunity Program to serve youth in the community rather in the impact-level programming that used to be provided at the Hickey School.

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- Budget bill language restricted \$3.275 million in funding for contractual employment for DJS to reduce turnover, allowing DJS to fill an additional 89 regular positions. A further \$625,000 was to be used by DJS to attract and retain direct care workers. However, the department continues to use contractual employment at levels originally anticipated in the fiscal 2006 budget and estimates that it will use all of the funding originally allocated for contractual employment in fiscal 2006.

Per Diem Placements

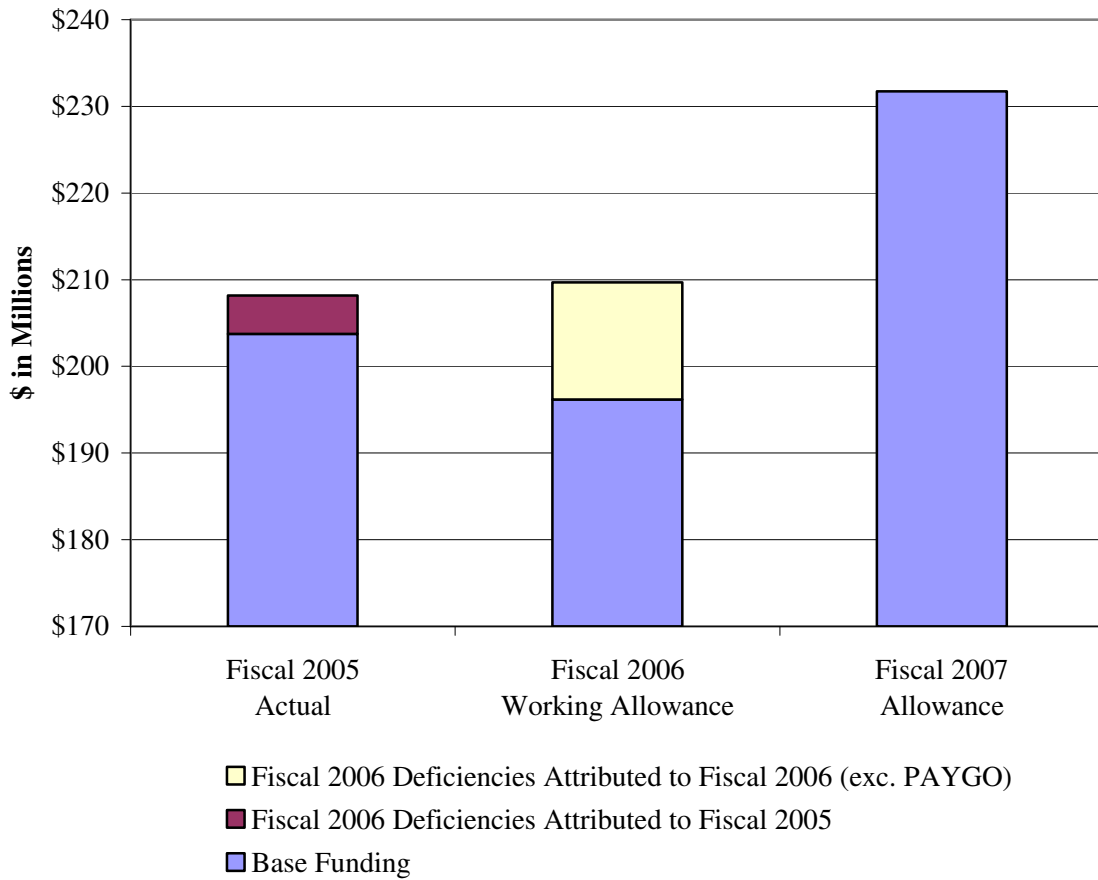
A shortfall in per diem placements is expected given that DJS's fiscal 2006 budget was built on an unrealistic assumption of savings to be realized from increasing non-residential alternatives to these residential placements. However, it needs to be noted that not all of the \$13 million deficiency is available to offset fiscal 2006 anticipated costs. DJS reported just over \$4.4 million in unprovided for general fund payables to the General Accounting Division at the end of fiscal 2005, i.e., fiscal 2005 bills for which no funding was available. This included just over \$2.8 million for per diem residential expenditures and \$1.6 million for a variety of other costs.

An analysis of the adequacy of funding for per diems in fiscal 2006 and 2007 is discussed below.

Governor's Proposed Budget

The fiscal 2007 allowance for DJS is almost \$35.6 million over the fiscal 2006 working appropriation, 18.1%. However, that somewhat overstates the level of increase as a substantial portion of the fiscal 2006 deficiency appropriation is for ongoing expenditures. As shown in **Exhibit 10**, after applying the deficiency appropriations to the appropriate years and excluding PAYGO, the growth is slightly more modest (\$22 million, 11%), although still substantial. Major areas of change are detailed in **Exhibit 11**.

Exhibit 10
Department of Juvenile Services
An Alternative View of Growth
Fiscal 2005 – 2007



Source: Department of Juvenile Services

Exhibit 11
Governor's Proposed Budget
Department of Juvenile Services
(\$ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
2006 Working Appropriation	\$176,721	\$2,253	\$16,897	\$306	\$196,177
2007 Governor's Allowance	<u>216,162</u>	<u>253</u>	<u>15,007</u>	<u>306</u>	<u>231,728</u>
Amount Change	\$39,441	-\$2,000	-\$1,890	\$0	\$35,551
Percent Change	22.3%	-88.8%	-11.2%		18.1%

Where It Goes:

Personnel Expenses	\$11,208	
Fiscal 2007 employee and retiree health insurance		\$2,630
Growth based on understatement of fiscal 2006 salaries due to diversion of funds to other expenditures.....		2,553
Turnover adjustment.....		2,380
Employee general salary increments		2,279
Understatement of fiscal 2006 health insurance expenditures.....		1,510
Retirement contributions		884
New positions: resident advisers and case management specialists at Cheltenham and the Hickey School in response to the federal CRIPA investigation		547
Savings from fiscal 2006 position abolitions.....		358
Social Security contributions.....		268
Deferred compensation.....		208
Other fringe benefit adjustments		115
Abolished positions – 9 FTE mental health positions and 8 FTE arrest booking officers at the BCJJC		-819
Overtime adjustment.....		-1,706
Contractual Employment	-\$2,106	
Contractual employment (reduction of 104.2 FTE).....		-2,106
Infrastructure Upgrades	\$5,621	
Upgrades to communications systems at Cheltenham.....		1,800
Replace obsolete IT equipment		1,550
Replacement vehicles		799
Applications software		689
Upgrade to the Automated Statewide Support and Information System.....		548

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Where It Goes:

Motor vehicle operating cost alignment to most recent actual	333
IT disaster recovery	200
Furniture and other equipment replacement	185
Building maintenance	-483
Major Programming Changes	\$22,310
Residential per diem costs	17,044
Secure committed programming to replace that previously provided at the Hickey School	3,000
Expansion of behavioral health services at Cheltenham, the Hickey School (in response to federal CRIPA investigation), and BCJJC.....	2,576
Increased cost of behavioral health evaluations	2,100
Non-residential programming.....	144
Medical care contracts at the Hickey School based on closure of committed programming	-529
Federal fund "safe start" pass through to Family League of Baltimore City.....	-1,000
Transfer of juvenile delinquency prevention programming to Governor's Office of Children	-1,025
Miscellaneous Overhead	-\$1,495
Insurance.....	-710
Lease payments.....	-785
Other	
Other	13
Total	\$35,551

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

Personnel

Most of the personnel changes are as anticipated. However, some key personnel issues and changes include:

- The positions that were anticipated to be abolished with the closure of committed programming at the Hickey School continue to be funded in fiscal 2007. Of the 70 positions ultimately identified by DJS as transferred from the Hickey School (lower than the original 77 called for):
 - 36 were used for contractual conversions spread throughout the department;

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- 13 were transferred into DJS Headquarters including 4 positions to monitor out-of-home placement (fewer than the 6 originally noted); and
- 21 positions were allocated to facilities and community detention to improve supervision ratios.
- As shown in **Exhibit 12**, staffing at DJS headquarters in the fiscal 2007 allowance has actually increased by 22 positions from the fiscal 2006 legislative appropriation to the fiscal 2007 allowance. This despite the fact the vacant DJS headquarters positions were among those abolished to offset health insurance savings.

Similarly, it is strange to see DJS headquarters staff increase at a time that the agency has begun an enhanced regionalization policy, a policy that has resulted in additional administrative staff being added to Region 3, the department’s pilot for this policy.

Exhibit 12
DJS FTE Allocation
Fiscal 2006 – 2007

	<u>FY 06</u> <u>Leg. Appropriation</u>	<u>FY 06</u> <u>Working</u>	<u>FY 07</u> <u>Allowance</u>
<i>Headquarters</i>	201.50	218.50	223.50
<i>All Other Programs</i>	1,889.35	1,862.35	1,857.35
Total	2,090.85	2,080.85	2,080.85

Source: Department of Juvenile Services

- The 17 abolished positions at BCJJC are filled positions. DJS has indicated that it intends to expand the role of Baltimore Mental Health Services (the Baltimore City Core Service Agency in providing behavioral health services at the facility resulting in the elimination of 9 mental health positions. Similarly, 8 arrest booking officers at BCJJC are eliminated as DJS notes that these positions perform a function that is duplicative of Baltimore City police officers stationed at the facility.
- Funding for contractual employment falls by just over \$2.1 million reflective of the department’s fiscal 2006 contractual conversions. Contractual FTE are anticipated to constitute 6% of the total workforce in fiscal 2007. Although contractual employment at DJS is still above the statewide average of 5.6% of total employment (excluding higher education), this is a significant improvement over the 9.4% level in fiscal 2006.

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- Despite the broad annual salary review (ASR) increases in fiscal 2005, the number of new hires that leave within 12 months of hiring remains high. According to DJS data for fiscal 2005 year-to-date, 24% of all regular employees hired in 2005, and 43% of contractual employees hired in 2005, left DJS within one year of hire, for a combined rate of 36%. Direct care workers separated at a slightly higher rate, just over 40%.
- What is most troubling about DJS's workforce is the continued difficulty that the department has filling vacancies. The fiscal 2007 allowance sets turnover rate at 5.5%. This level is justified by the type of services delivered by DJS but is well below the historical average for the department. Particularly perplexing is why, given the extent of the department's contractual workforce and separation rate among that workforce, it has not been able to fill more of its regular positions.
- Finally, it should be noted that there is funding in the Department of Budget and Management's (DBM) budget (just over \$1.7 million) to improve institutional educator salaries in DJS as well as the Department of Health and Mental Hygiene (DHMH) and the Maryland State Department of Education (MSDE). While that may aid DJS in attracting quality education staff, it will be interesting to see if the substantial ASR provided for the Department of Public Safety and Correctional Services prison guards inhibits DJS's ability to hire staff in any way.

Infrastructure Upgrades

The fiscal 2007 allowance includes funding to improve basic infrastructure throughout the department. Key items are as follows:

- The largest infrastructure upgrade is \$1.8 million for technology upgrades at Cheltenham. DJS justifies this expenditure as a response to the federal Civil Rights of Institutionalized Persons Act (CRIPA) investigation, although this item was not included in a spending plan submitted to the Legislative Policy Committee in connection with the use of fiscal 2006 Dedicated Purpose Account funds. The two areas of upgrade include installing campuswide cabling with "air-blown" fiber, i.e., the fiber optic cable is literally blown through a tube to where it needs to go. The technology is considered better than conventional cabling for various reasons including ease of installation, lower installation costs, and making future planning easier. DJS also intends to replace a six-year old PBX phone system.
- DJS operates a fleet of an estimated 240 vehicles. There has been little funding for vehicle replacement in recent years and the department notes that 138 vehicles in its fleet will exceed 100,000 miles by the beginning of calendar 2007, and 40 vehicles are projected to exceed 175,000 miles. Funding is provided to replace 68 vehicles.

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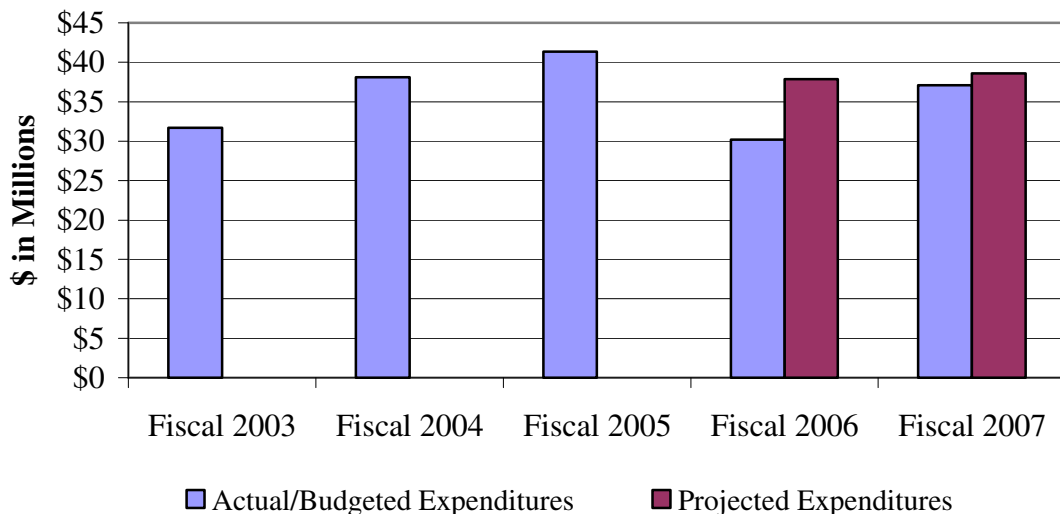
- \$548,000 is provided to upgrade the department’s backbone IT system, the Automated Statewide Support and Information System (ASSIST). Specifically, the department plans to migrate the system to a web-enabled language. This continues the implementation of a series of recommendations made in a 2003 independent review of ASSIST to overcome a number of faults also identified in that review.
- Although building maintenance funding falls in fiscal 2007, it should be noted that the fiscal 2006 budget included a \$1.3 million increase to address DJS’s building maintenance backlog. According to the recently submitted Facilities Master Plan, DJS is expected to use some of this funding to renovate buildings consistent with that plan.

Major Programming Changes

There are a number of programming changes in the fiscal 2007 budget:

- The most significant addition is funding for residential per diems. As noted earlier, the fiscal 2006 budget for residential per diems was significantly underfunded. As shown in **Exhibit 13**:

Exhibit 13
DJS Residential Per Diem Expenditures
Fiscal 2003 – 2007
(\$ in Millions)



Note: Fiscal 2006 budgeted expenditures include proposed deficiency appropriation after offsetting fiscal 2005 deficits.

Source: Department of Juvenile Services

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- Based on the most recent estimate of residential per diem expenditures, even with the proposed fiscal 2006 deficiency appropriation, the department is still facing a deficit of \$8 million in this area.
- Interestingly, while the department does appear to have made some savings in residential placements by using non-residential alternatives, the level of savings appears to be below the investment made in non-residential programming in fiscal 2006. However, this is likely because this programming has been slow to develop because of issues including the development of an Memorandum of Understanding with local entities (mainly Local Management Boards to provide services, as well as issues related to the screening, hiring, and training of staff. Incomplete data from the department on the use of non-residential programming shows fewer youth in non-residential programming in the first quarter of fiscal 2006 than in the same period in fiscal 2005. DJS anticipates that this number will grow as programming is developed and data collection is more complete.
- The fiscal 2007 allowance adds \$17 million to the residential per diem budget. Of this amount, just over \$10 million represents ongoing costs funded by the fiscal 2006 deficiency and just under \$7 million is to meet projected 2007 expenditures. At this time, projecting flat expenditure growth from 2006 plus an allowance for a 2% rate increase, the allowance is \$1.6 million under projected expenditures, \$1.6 million. However, the department may be able to reduce residential placement spending as more non-residential alternatives are developed. Thus, the fiscal 2007 budget for residential per diems appears relatively sound.
- \$3 million is included in fiscal 2007 to develop a 48-bed secure committed program to serve youth that would previously have been placed at the Hickey School. This programming could be developed at Victor Cullen although the Department of Legislative Services (DLS) understands that the vendor could choose to locate the programming at its own facility. At this point, little more is known about the specifics of the program (or the adequacy of the budget) as a Request for Proposal (RFP) has yet to be issued. The department originally indicated that the RFP would be developed by December 2005. According to recent news reports, this has now been pushed back to March/April. Obviously, the development of this programming is important in attacking the pending placement problem as well as to reduce the use of out-of-state placements.

DLS would also note that if DJS wants to operate programming through a private vendor at Victor Cullen beyond July 1, 2007, it needs to amend statute. Uncodified language added by Chapter 421, Acts of 2004 requires certain facilities identified in statute (including Victor Cullen) to be operated by DJS by July 1, 2007. HB 1521 of 2006 provides DJS with the required exception.

The recently submitted Facilities Master Plan also called for two new 24-bed staff secure facilities to be developed to serve special needs populations. The plan envisages these facilities are to be operated by a private vendor. Although there is no specific funding in the

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allowance for this programming, DLS understands that the hope is that the residential per diem budget will be reduced sufficiently to switch funding to support these new contracts. It is unclear if such funding will be available based on current expenditure trends.

- The fiscal 2007 allowance includes a major expansion of behavioral services: \$2.1 million for evaluations and almost \$2.6 million for additional behavioral health services.

In recent years, significant funding has been added to the DJS budget for psychiatric and psychological assessments. These assessments are procured from independent contractors. However, when reviewed by the most recent director of Behavioral Health Services (including feedback received from the Judiciary and DHMH), it was determined that these assessments were insubstantial and insufficient and the competence of some vendors was questioned. DJS now intends to develop a new contracting vehicle in collaboration with DHMH that makes clear the minimum qualifications required of vendors (including subcontractors). The increased funding for evaluations reflects the department's estimate for appropriate quality assessments based on the current number of assessments performed.

The additional behavioral health services are targeted for the three detention facilities that have either been the subject of a CRIPA investigation (Cheltenham and the Hickey School) or are the subject of a current investigation (BCJJC). The provided services (mental health and substance abuse) will follow a comprehensive set of procedures developed by the Division of Behavioral Services for secure detention facilities. These procedures include screening, assessment/evaluation, aftercare planning and coordination, treatment, and emergency services. The additional funding provided in the fiscal 2007 budget would increase total funding for behavioral services at these three facilities to \$4 million. All of the services will be provided by the local Core Services Agencies.

While it is still unclear precisely how many youth entering the juvenile justice system have mental health issues, it is widely acknowledged that the rate of mental illness among youth in the juvenile justice population is higher than among the population at large. Although reliable data on mental illness prevalence amongst children is not available, it has been widely accepted that at least 20% of youth in the juvenile justice system have mental health disorders.

Given the prevalence of mental health problems among these youth, the proposed expansion of funding of behavioral evaluations and services appears sensible and appropriate. However, DLS would make two observations:

- While federal law prohibits Medicaid attainment for services to youth in public correctional facilities (including juvenile facilities), it should be noted that many of the evaluations occur in community settings at intake where Medicaid claims are possible. The department acknowledges that many of the youth served are probably eligible for Medicaid or MCHP. However, at this time the department does not have a procedure in place for claiming federal funds.

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- The department estimates that as many as 20 to 40% of the youth pending placement in secure detention have a mental illness that requires Residential Treatment Center-level (RTC) care. It is also likely that many youth pending adjudication are in a similar situation. For youth pending placement, the inability to place these youth in a timely manner means delivering RTC-level care in a setting that is likely inappropriate as well as preventing the State from claiming federal matching funds. A more important question might be whether youth who have severe mental illness should be in the custody of DJS at all. While current statute establishes different routes for youth to enter into State services and arrested youth are served by DJS, if the underlying cause of a youth's behavior is his or her mental illness, diverting these youth from the juvenile justice system may result in needed services being delivered more quickly and effectively. However, this would require a significant re-shaping of the current service delivery system.

Issues

1. Facilities Master Plan

It was during the 1999 session that legislative concern was expressed that DJS did not have a current Facilities Master Plan. DJS subsequently developed a plan, but it was never approved by DBM. Among the many problems with the plan were inadequate population projections, the lack of integration into capacity discussions of detention alternatives such as community detention/electronic monitoring programming, and the lack of detailed discussion on the level of need for specific type of services that need to be offered in a residential setting (for example, drug treatment and residential treatment).

In the 2004 session, the General Assembly approved \$500,000 in the Subcabinet Fund to be used for the development of a new DJS Facilities Master Plan. Language in both Chapters 431 and 432, Acts of 2004 laid out timelines and guiding principles for the development of such a plan. The plan was to be developed in two phases:

- Phase one involved the development of an ideal service delivery system based on regional community-based settings and best practices and set against a backdrop of the anticipated populations to be served by the department. The identification of gaps in current services was to be included in this phase. A gap analysis was to be completed by the end of December 2004.
- A final Facilities Master Plan to be completed by January 2006 that would address identified service gaps and reflects certain principles including regional delivery of services, small facilities (no more than 48 beds), distinct detention and committed facilities, and the removal of youth pending placement from secure detention.

The final Facilities Master Plan was delivered to the legislature in January 2006, and a hearing of various House and Senate committees and subcommittees occurred at the end of that month.

Key Proposals of the Facilities Master Plan

The key proposals of Facilities Master Plan are essentially three-fold:

- design programming around four regions and enhance regional control of that programming;
- expand appropriately sized State-run and State-contracted bed capacity and reduce reliance on residential per diems; and
- to implement the first two proposals, the State needs to develop three new contracted programs, construct 11 new facilities, and make major renovations to four other facilities.

Regionalization

Over the years Maryland has utilized many different organizational forms to oversee the State’s juvenile justice system. Currently, as shown in **Exhibit 14**, Maryland is considered to utilize a centralized model.

Exhibit 14 Organization of Juvenile Services Delivery

<u>Centralized</u>	<u>Decentralized</u>	<u>Combination</u>
Alaska	Alabama Ohio	Connecticut New Jersey
Delaware	Arizona Oregon	District of Columbia North Dakota
Florida	Arkansas Pennsylvania	Georgia Oklahoma
Kentucky	California Texas	Hawaii South Dakota
Maine	Colorado Washington	Iowa Tennessee
Maryland	Idaho Wisconsin	Louisiana Utah
New Hampshire	Illinois	Massachusetts Virginia
New Mexico	Indiana	Minnesota West Virginia
North Carolina	Kansas	Mississippi Wyoming
Rhode Island	Michigan	Missouri
South Carolina	Nevada	Montana
Vermont	New York	Nebraska

Source: Griffin, Patrick and Bozynski, Melanie, 2004; “National Overviews.” *State Juvenile Justice Profiles*; Pittsburgh, PA: National Center for Juvenile Justice; On-line; Available: <http://www.ncjj.org/stateprofiles/>

The current centralized model in Maryland offers numerous potential advantages.

- The establishment of uniform statewide standards for service delivery. For example, DJS has established statewide detention standards for its detention facilities.
- The establishment of uniform statewide standards for employment. For example, all new DJS employees receive standard background checks, undertake psychological assessments, and are trained through the Maryland Correctional Training Commission.
- The ability to take advantage of economies of scale. This is an obvious benefit in the area of contracting. It is also important in terms of planning for the delivery of services that might be otherwise impossible to deliver on a localized basis, for example, residential sex offender beds.

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- The investment of resources in data collection and program evaluation. For locally based programs, the ability to invest in meaningful research and evaluation to guide continual improvement of programs and policies can be difficult. In truth, many State-level organizations also fail in this regard. Maryland's more recent efforts in this area has been positive and are beginning to bear fruit.

At the same time, a centralized approach can contain weaknesses.

- A "one size fits all" approach may not reflect local concerns. For example, this has been a recent concern with DJS's risk assessment tool, leaving some local jurisdictions frustrated with an inability to take action against certain types of youthful offenders. It can also be difficult in terms of a single statewide pay scale that does not reflect the cost of living in different regions and is uncompetitive with local jurisdictions.
- It can inhibit the development of locally based community partnerships. It is thought that the development of local leadership to identify trends, problems, assets, and risk factors is required to effectively target resources for juvenile delinquency prevention.
- An overly bureaucratic central authority can undermine the ability of individual programs to effectively function. Some evidence of this can be seen in DJS's recent difficulty in the hiring of personnel. The department's decision to assume control over programming at the Hickey School in April 2004 resulted in the need to quickly create and hire several hundred contractual employees. This appeared to overwhelm the central personnel office and distracted attention away from staffing problems at other State-operated facilities, in particular BCJJC.
- If the policy direction of the centralized authority is misguided, weak, or simply constantly changing, it can serve to undermine the whole system. It is interesting, for example, that the same DJS youth centers that are currently credited for good programming were the focus of allegations of child abuse that precipitated the most recent focus on juvenile justice services in Maryland.

While Maryland's juvenile justice service delivery system is considered centralized, DJS has certainly made an effort to infuse regional or local characteristics into that system. The current organizational structure has numerous elements of regionalization within it, for example, many community services are organized around regions, and the department has been building a network of regional detention facilities.

The regional delivery of services is certainly one that was endorsed by the General Assembly in Chapters 431 and 432, Acts of 2004. Ultimately, the Facilities Master Plan and subsequent statements by DJS underscore its commitment to the regional delivery of services. Specifically, the department has indicated that it is going to consolidate the existing regional structure into four rather than five areas as follows:

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- Region 1: Greater Baltimore (Baltimore City and Baltimore County);
- Region 2: Southern Maryland (Anne Arundel, Prince George’s, Calvert, Charles, and St. Mary’s counties);
- Region 3: Western Maryland (Montgomery, Howard, Carroll, Frederick, Washington, Allegany, and Garrett counties): and
- Region 4: Eastern Shore (Cecil, Kent, Queen Anne’s, Caroline, Talbot, Dorchester, Wicomico, Somerset, Harford, and Worcester counties).

At this point, although the regions may be set, the specifics of what roles and responsibilities regions will actually have are still being developed by DJS. The department indicates it will use its pilot region, Region 3, as a means of investigating what works and what does not before finalizing a regionalization plan by January 1, 2007.

Although the full details of what regionalization might ultimately involve remain unclear, a number of observations about regionalization as proposed by DJS can be made.

- DJS indicates that it developed the four region structure through the use of geo-mapping and other data tools. Certainly the four regions are much more balanced in terms of demand for, and availability of, secure detention and private residential programming than under the five regions. However, the new regions did little to resolve the imbalance in committed programming as a whole: in fiscal 2004, 40% of the committed youth were served in their home region under a five-region structure, this rose to only 44% in fiscal 2005 under the four-region structure.
- The notion of regionalization also involves developing relationships with local jurisdictions. However, opposition to the proposed four-region structure has already been voiced by Baltimore County. Further, this department’s recent experience of trying to develop more extensive local control was not encouraging. In this instance, Montgomery County was to be provided with what was supposed to be its share of the dollars spent on DJS residential placements for Montgomery County youth and encouraged to create residential alternatives, pay only for what was spent by DJS on county youth, and re-invest any savings into additional residential alternatives. However, it became clear that the funding provided never reached actual levels of spending on residential placements, and essentially the county was simply returning the funds to DJS. The initiative was ended in fiscal 2004.
- One of the key goals of regionalization is keeping youth closer to their homes. However, it is not clear how intrinsically important this is in terms of subsequent recidivism. Consider, for example, **Exhibit 15** which shows youth recidivism for two years after release from the youth centers under the five-region structure and the four-region configuration. Youth centers are

Exhibit 15
DJS and Adult Combined Recidivism Number of Youth for Two Years
After Release from Youth Centers by Region of Residents
Fiscal 2003

<u>County of Residence</u>	<u># Youth Released in FY 2003</u>	<u>Re-referrals/ Arrests</u>	<u>Re-adjudication Convictions</u>	<u>Recommitment/ Incarcerations</u>
Utilizing Five Region Configuration				
Region 3	34	79%	41%	29%
All other regions	163	70%	48%	32%
Utilizing Four Region Configuration				
Region 3	37	78%	43%	30%
All other regions	160	70%	48%	32%
State Total	197	72%	47%	31%

Note: In-state youth only.

Source: Department of Juvenile Services

located in Region 3. In either scenario, there is no obvious benefit for youth from Region 3 where the youth centers are located compared to youth from other regions. Under both scenarios, Region 3 youth are more likely to be re-referred/arrested than average, less likely to be re-adjudicated/convicted, and are committed/incarcerated at about the same rate as average. In both scenarios, the best outcomes are actually for youth from Southern Maryland who had noticeably lower recidivism rates for all three measures.

- In order to fully implement regionalization, the Facilities Master Plan ultimately calls for the closure of two of the existing youth centers in Western Maryland. The plan calls for replicating this programming in other regions. It is unclear why the department is prepared to close these centers as they are now considered good programs, while at the same time making exceptions to the regional concept for other facilities (for example, secure programming at Cullen or a possible alternative location, and female committed programming at Waxter).
- There appears to have been no consideration of other regional approaches. Another regional approach would be that used in Virginia for example, where localities may “opt-out” of the State system and directly administer services to juvenile delinquents under standards set by the State. This may not be an attractive option to all jurisdictions, but it might appeal to some.

Expand State-run and State-contracted Bed Capacity and Reduce Reliance on Residential Per Diems

As shown in **Exhibit 16**, the Facilities Master Plan calls for a significant expansion of residential capacity, an overall increase of 236 beds. Detention beds actually fall while all other types of beds expand. The key change is the addition of 210 beds for committed care, including the development of capacity for traditionally hard-to-place youth. These beds should ease the State’s pending placement problem and will also reduce reliance on private per diem residential placements. The plan limits the use of large-scale committed programming (no State-operated or State-contracted programming is above 48 beds) and also reduces maximum detention size to 108 beds at BCJJC.

**Exhibit 16
Current and Proposed Bed Capacity by Program Type**

<u>Programming</u>	<u>Current Capacity</u>		<u>Proposed Capacity</u>		<u>Capacity Change</u>		
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Overall</u>
Detention	402	43	390	48	-12	5	-7
Shelter	58	10	66	35	8	25	33
Youth Centers	156	0	230	0	74	0	74
Committed and Special Populations	117	30	261	22	144	-8	136
Subtotal	733	83	947	105	214	22	236
Total	816		1,052				

Source: Department of Juvenile Services Facilities Master Plan as submitted by DSG, Inc.

Implementation

As stated above, to regionalize and expand residential capacity, the State needs to develop 3 new contracted programs (one of which is included in the fiscal 2007 allowance), construct 11 new facilities, and make major renovations to 4 other facilities. The proposed capital projects and estimated costs are detailed in **Exhibit 17**.

DLS has the following observations about the implementation of the proposed regional residential capacity:

- The cost estimates, especially for the larger facilities, seem low given the State’s recent experience with juvenile justice facilities.

Exhibit 17
Estimated Costs for 15 Proposed Capital Projects

<u>#</u>	<u>Projects</u>	<u>Costs</u>	<u>Type of Project</u>
1.	Construct 96-bed Baltimore County Juvenile Justice Center (Region 1)	\$28,319,485	Construction
2.	Renovate Superintendent’s house at Cheltenham for Shelter care for 12 boys (Region 2) (included in maintenance budget)	0	Renovation
3.	Design and renovate Hurlock Center, a nine-bed shelter (Region 4) (included in maintenance budget)	0	Renovation
4.	Design and reconfigure BCJJC to expand educational and programmatic space to accommodate services for 108 youth (included in PAYGO budget)	0	Renovation
5.	Renovate 36-bed Maryland Youth Residence Center (8 new beds proposed for girls plus major renovations) (Region 1)	4,325,879	Renovation
6.	Construct new 96-bed detention facility adjacent to current school/gym Cheltenham Youth Facility (Region 2)	18,327,178	Construction
7.	Construct 12-bed shelter facility for females (Region 2)	703,447	Construction
8.	Construct two 40-bed youth centers (Region 1)	8,947,844	Construction
9.	Construct new Waxter (12-beds for committed females) (statewide)	3,452,100	Construction
10.	Construct one 40-bed youth center (Region 2)	4,473,922	Construction
11.	Construct new 48-bed Thomas O’Farrell Center (statewide)	4,742,357	Construction
12.	Construct one 30-bed youth center (Region 4)	4,189,082	Construction
13.	Construct new 60-bed Noyes Children’s Center (Region 3)	19,148,392	Construction
14.	Construct new 30-bed J. DeWeese Carter Youth Center (Region 4)	12,685,810	Construction
15.	Construct new 24-bed coeducational shelter (Region 3)	2,510,322	Construction
Total		\$111,825,818	

Source: Department of Juvenile Services Facilities Master Plan as submitted by DSG, Inc.

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- There are no operating costs associated with the proposal. However, since the report calls for a number of new State-run and State-contracted facilities, these can be expected to be significant.
- The first facility to be built, a regional detention facility in Baltimore County, still has no site. Further, DLS would note existing statute that requires that

“Before the Department asks the General Assembly for a bond issue to build or renovate a facility, the Department shall consult on the proposed construction or renovation plans with the governing body of the county where the facility is to be built or renovated and with the governing body of each county to be served” [Article 83C Section 2-118(b)].

While Governor Robert L. Ehrlich, Jr.’s fiscal 2007 capital budget includes a request for bond funding for this facility, it is hard to see how any meaningful consultation can have occurred, if it has occurred, without the naming of a site.

- The report calls for the replacement of the current sex offender program at the Hickey School but does not specify where such a facility should be located. The need for this kind of treatment capacity is apparent, and the difficulty of siting such facilities is also well-known.

Conclusion

The submission of the Facilities Master Plan marks a significant and long-overdue step forward for the delivery of residential services to juvenile delinquents in Maryland. Further, the plan is responsive to the guiding principles established by the legislature in Chapters 431 and 432. Still, a number of unresolved issues remain, principally, the exact configuration of regions, the level of autonomy to be granted to those regions, how those regions will more effectively deliver services, what the total capital and operating costs will be, and how easily the department will be able to site its proposed facilities.

2. Increased Oversight of Group Homes Considered

Background

For many years, concerns have been raised relating to the licensing, monitoring, and funding of group homes, also known as residential child care programs or community-based homes for children. In 2005 the Senate Budget and Taxation Committee; the House Health and Government Operations Committee; and the Joint Committee on Children, Youth, and Families held briefings on the issue, again bringing the issue of State oversight of group homes to the forefront.

Overview of Group Homes

In fiscal 2004, Maryland placed 26,263 children in out-of-home placements at a cost of \$622 million. Group homes represent one form of out-of-home placements, with an average of 2,690 children residing in group homes each day at an annual cost of \$167 million. Group homes offer home-like settings that provide structure and 24-hour supervision, basic care, social work, and health care services. Many group homes utilize community-based ancillary services and enroll children in the local school system. Depending on the facility and the level of intensity of services, group home placements cost between \$34,000 and \$119,000 per child annually.

State Oversight of Group Homes

Three State agencies are involved in the licensure, monitoring, and placement of children in group homes: DHMH, the Department of Human Resources (DHR), and DJS. Each agency licenses, monitors, and places children in group homes according to individual agency standards. DHMH licenses and monitors 167 facilities (34%) but places less than 1% of the children in group homes. DHR licenses and monitors 305 facilities (62%) and places approximately 80% of the children in group homes. DJS licenses 20 facilities (4%) and places approximately 19% of the children in group homes. DJS monitors all facilities in which it places children (124).

Licensing and Monitoring

To become licensed as a group home, an applicant begins at the Governor's Office for Children (formerly the Governor's Office for Children, Youth, and Families), which serves as a "single point of entry" and refers applicants to the appropriate agency. Licenses are issued for two years and must be obtained for each facility. The licensing agencies monitor group homes by reviewing records, inspecting the facility, and interviewing staff and residents. When a child is placed in a group home, a caseworker from the placing agency (e.g., the local Department of Social Services caseworker for DHR) is assigned to that child and is responsible for visiting the child regularly to monitor the child's progress and the appropriateness of the placement.

If licensing violations are found in group homes, corrective action plans and sanctions are implemented. In fiscal 2004, DHR issued 14 sanctions, including closing 6 facilities, and placed 73 providers (41%) under corrective action plans. DHMH issued 10 sanctions, including the revocation of 1 license, the surrender of 3 licenses, and 6 intermediate sanctions or consent agreements. DJS implemented 4 moratoriums on placement at facilities with which it contracts but does not license.

Rate Setting and Financial Oversight

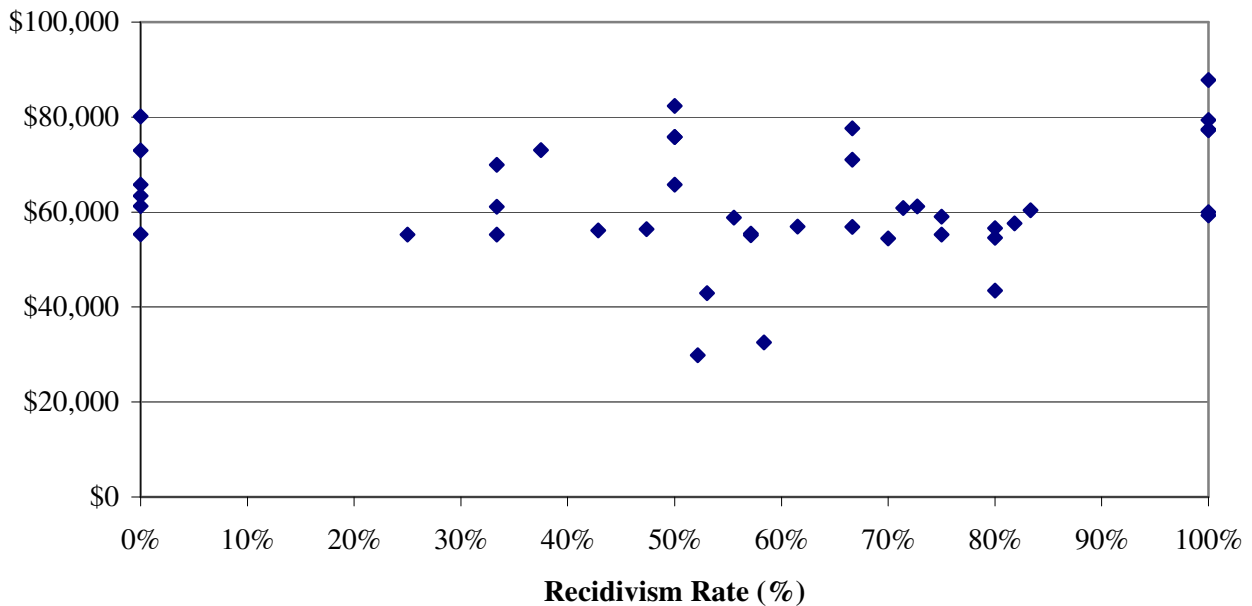
Rates for group homes are set by the Interagency Rates Committee (IRC), which is staffed by the Maryland State Department of Education (MSDE). Group homes are assigned to a category based on service intensity, detailed budget submissions are reviewed to identify allowable costs, and programs are compared to other providers in the same category and designated as "preferred" or "nonpreferred" based on their relative costs. The IRC establishes a per diem rate for each group home that is paid by all agencies that contract for beds with that home.

The main financial oversight of group homes is the requirement that providers submit annual independent audits to their licensing agencies. However, these audits are reviewed by licensing and monitoring staff rather than the IRC and do not factor into the development of the homes' rates.

Shortcomings of the Current System

To support the interim study of group homes, DLS conducted a review of licensing, monitoring, and contracting practices relating to group homes, noting three major observations. First, the State is not a smart purchaser of group home services. Referral practices and provider rates are not standardized nor guided by performance data. For DJS, this is not because data does not exist. **Exhibit 18** details recidivism within one year of release from group homes tracked against the provider residential rate. The exhibit reveals wide variation between residential cost and performance as measured by recidivism. Excluding the group homes that deal with smaller numbers of youth does

Exhibit 18
Group Home Recidivism and Residential Cost
All Group Homes Used by DJS
Fiscal 2004

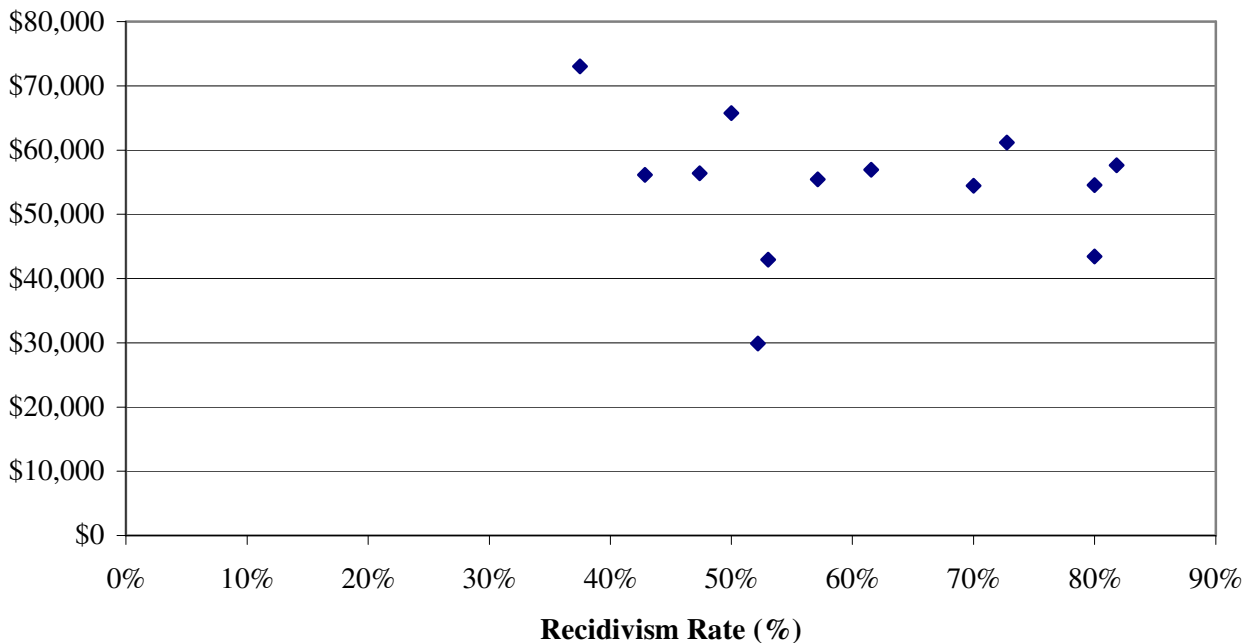


Note: Statewide recidivism rate (juvenile and criminal re-referrals) for group homes is 58%. Data for youth served in multiple facilities is attributed to the facility in which the youth has the longest stay. Residential cost only.

Source: Department of Juvenile Services

not drastically change the analysis (**Exhibit 19**). Although such an analysis cannot be taken too far, given the different types of services provided in group homes, it demonstrates that the data exists to add performance into the rate-setting process as well as to drive the referral process. However, although DJS has added performance requirements into its non-residential contracts and those residential contracts for which it determines price, it cannot influence the rates set by the IRC. This is a major shortcoming.

Exhibit 19
Group Home Recidivism and Residential Cost
Group Homes with 10+ DJS Youth
Fiscal 2004



Note: Statewide recidivism rate (juvenile and criminal re-referrals) for group homes is 58%. Data for youth served in multiple facilities is attributed to the facility in which the youth has the longest stay. Residential cost only.

Source: Department of Juvenile Services

Second, there is insufficient financial oversight of group homes. The rate-setting process does not include review of audits or actual spending patterns, licensing agencies do not compare budgets submitted by providers to actual spending patterns, and group homes are not required to spend a minimum amount of funding on direct care.

Finally, the licensing and monitoring process is disjointed. There is no single agency guiding the system, and there are inconsistent practices and a lack of communication among agencies. There is no single point of entry for complaints about group homes, and, particularly for DHR, there is tension between the dual roles of enforcing licensing standards and maintaining adequate placement capacity. The licensing and monitoring agencies have also found it difficult to perform the requisite number of inspections due to an insufficient number of staff.

Personnel Added

The fiscal 2007 allowance for DHR includes 5 new positions for the licensing and monitoring function. This would bring the number of monitoring staff in DHR to 13 from the current 8. DHR has also announced that the licensing and monitoring unit is being moved from the Social Services Administration to the Office of the Secretary in order to provide separation between the programmatic and enforcement efforts of the department. This move should reduce the potential conflicts that can arise between the competing goals of enforcing laws and regulations governing the operation of group homes and maintaining placement capacity.

DJS had announced that it would transfer six additional positions to its licensing and monitoring unit upon closure of the Hickey School, although that number was subsequently reduced to four. These will almost double the number of monitoring staff in the department from the current five.

Although DHMH has added an additional six surveyors (monitors) to the Office of Health Care Quality (OHCQ) via transfers in fiscal 2006 and is anticipating five new positions in and three additional transfers to OHCQ in fiscal 2007, none of these new positions are currently expected to be added to the Developmental Disabilities unit which monitors the residential programs licensed by the department.

Recommendations

Based on these observations, DLS offers the following options for improving oversight of group homes. The recommendations are divided between those that would require legislation and those which could be accomplished by adding language to the budget bill. For those items that can be accomplished through budget bill language, the recommended language is included in the Recommended Actions section of this analysis.

Legislation

Options for improving oversight of group homes that would require legislation include:

- consolidating licensing and monitoring of group homes within a single agency. If this is done within an existing agency, it should be placed in the DHMH's OHCQ and minimum staffing requirements should be codified so that understaffing does not become a problem;

- requiring DHR, DHMH, and DJS to collect and disseminate performance data from group homes; and
- addressing the need to develop additional capacity for group home placements in underserved areas by establishing a single group home capital grant/loan program.

Budget Bill Language

Budget bill language is included in the Recommended Actions section to:

- require DHR, DHMH, and DJS to report on earnings retained by providers;
- require copies of all provider audits to be submitted to MSDE and used in setting rates;
- request a report from DHR, DHMH, and DJS on the appropriate percentage of dollars that should be expended on direct care and the feasibility of requiring group homes to spend a minimum percentage of State dollars on direct care; and
- request a report from DHR, MSDE, and DJS on a methodology for incorporating performance-based incentives into the fiscal 2008 rates for group homes.

DJS should brief the committee on its efforts to improve the licensure and oversight of group homes.

3. Civil Rights of Institutionalized Persons Act Settlement for Cheltenham and the Hickey School; CRIPA Investigation Opened at BCJJC

On August 30, 2002, the U.S. Department of Justice Civil Rights Division informed then Governor Parris Glendening that the U.S. Department of Justice (DOJ) was investigating the conditions at Cheltenham and the Hickey School. 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.

DOJ investigators conducted inspections of the Hickey and Cheltenham facilities between April and June 2003 and issued a findings letter in April 2004. DJS worked to reduce populations, implement new policies and make other improvements at both institutions to address many of DOJ's findings. In June 2005, the State and DOJ entered into an agreement concerning the CRIPA investigation.

The CRIPA agreement calls for a series of improvements in a number of programmatic and physical areas. The agreement is in effect for three years, and the burden is on the State to ensure compliance with the agreement. Following the agreement, DJS proposed a specific set of expenditures to respond the CRIPA agreement. Those expenditures are broadly detailed as shown in **Exhibit 20**.

Exhibit 20
Proposed Expenditures in Response to CRIPA Investigation of
The Hickey School and Cheltenham

<u>Expenditure Type</u>	<u>Fiscal 2006</u>	<u>Future</u>	<u>Total</u>
Rehabilitation programming		\$162,000	\$162,000
Increased staffing		760,000	760,000
Staff training		634,000	634,000
Physical security improvements	\$200,000		200,000
Medical improvements	698,311	140,000	838,311
Educational improvements	741,074	197,723	938,797
Monitoring and oversight	357,427	83,333	440,760
Medical IT system		1,200,000	1,200,000
Total	\$1,996,812	\$3,177,056	\$5,173,868

Source: Department of Juvenile Services; Department of Legislative Services

During fiscal 2006 budget deliberations, DJS requested funding to respond to the CRIPA investigation. However, at that time, no agreement was in place. Thus, Chapter 443, Acts of 2005 (the fiscal 2006 budget bill) included language attached to the general fund appropriation of the Dedicated Purpose Account that restricted \$2 million to fund services in response to the CRIPA investigation. The funds were restricted pending the submission of an agreement between DJS and DOJ. This funding covered the fiscal 2006 cost as detailed in Exhibit 20. Although it is difficult to exactly match up the spending proposed in fiscal 2007 to Exhibit 20, additional staffing, enhanced behavioral resources, and teacher salary enhancements (in DBM’s budget) all point to the significant additional investment the State is proposing at these facilities.

DLS would note that while the agreement calls for additional investments in certain programmatic areas, it neither quantifies what those investments should be, nor does it make an assessment of the impact of the significant investments and program changes made by the State at the Hickey School and Cheltenham since the initial DOJ investigation took place in 2003. Specifically, the agreement notes that “The United States applauds the State’s efforts to address proactively the measures outlined in the Agreement, but has not yet had the opportunity to assess these efforts.” In that regard, the agreement fails to clearly enunciate the level of investment that DOJ believes should be made to improve programming to its satisfaction, and it is thus unclear how the expenditures proposed by DJS best address the concerns of DOJ.

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Part of the agreement calls for DJS to pay for an independent evaluation of the State's CRIPA response. The original contract was with the director of Juvenile Services in Connecticut. However, at the direction of the Governor of that state, that individual withdrew from the contract. DJS is currently negotiating with a replacement CRIPA monitor and anticipates a contract being on the Board of Public Works agenda in March.

During the 2005 interim, it was announced that BCJJC is also now subject to a CRIPA investigation. DJS, as with the previous CRIPA investigation, refuses to provide any details on this investigation. The fiscal 2007 budget obviously contains major expansions to programming at BCJJC. Yet given the State's previous experience, any formal resolution to this investigation may take some time, will likely leave the State in the position of having to make an unstated level of investment to meet some indefinable qualitative improvement as determined by DOJ and as evaluated by an independent monitor.

4. Grandfathered Staff

Effective July 1, 2000, candidates for positions in DJS that had any involvement in the investigation, custody, control, or supervision of minors, juvenile delinquents, and youthful offenders under the supervision of DJS (i.e., direct care staff) were required to meet selection and certification standards established by the Maryland Correctional Training Commission (MCTC). MCTC requirements include age, residency, education, physical and psychological examinations, oral interviews, drug screening, prior substance abuse, and background and criminal history investigations. This requirement was one of the major reforms instituted by Secretary Bishop Robinson in the aftermath of the problems at the youth camps.

However, a number of DJS staff were grandfathered from these requirements: existing employees at the time the requirements went into place, employees offered jobs prior to the requirements going into place but who had not yet begun employment with the department, and the Hickey School employees who were MCTC fully certified while working for Youth Services International (the most recent vendor at the Hickey School) and who were hired as contractual employees by DJS on April 1, 2004.

Interestingly, DJS provides Managing for Results (MFR) data on violations of departmental standards of conduct. The major violations (based on fiscal 2004 data totaling 206 violations) were:

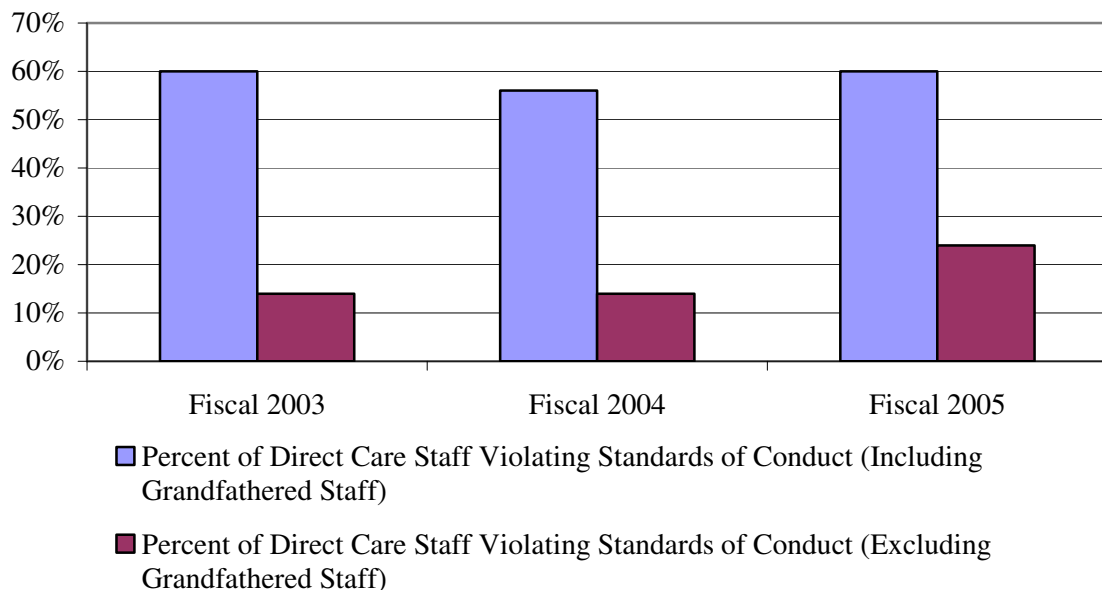
- negligence (e.g., breach in security); 30% of all violations;
- late reporting for duty; 16%;
- failed to report for duty; 9%;
- failure to submit adequate documentation for sick leave; 9%;

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- leaving post without being relieved; 9%;
- insubordination (e.g., refusing an assignment or failure to comply with instructions); 9%;
- excessive force used in restraining youth; 5%;
- inappropriate conduct (e.g., using profane language or causing a disturbance); 4%; and
- other (misuse of telephone, failed drug test, etc.); 9%.

Further, DJS distinguishes between the percentage of all staff violating standards of conduct including grandfathered staff and the percentage of all staff violating standards of conduct excluding grandfathered staff. As shown in **Exhibit 21**, the difference is quite striking. DJS has no data to explain why grandfathered employees commit violations at a higher rate than other employees. Indeed, the department may be caught between wanting to be more aggressive in this regard and recognizing that about half of its direct care staff is grandfathered.

Exhibit 21
Percent of Direct Care Staff Violating Standards of Conduct
Fiscal 2003 – 2005



Source: Department of Juvenile Services

5. Disproportionate Minority Confinement within the Juvenile Justice System

A new MFR measure included in the fiscal 2007 budget relates to the issue of disproportionate minority confinement. Specifically, DJS reported data for three different placement types using a relative rate index as defined by the federal Office of Juvenile Justice and Delinquency Prevention (OJJDP).

The relative rate index is an analysis tool that compares representation of minority populations at various points in the juvenile justice system to white youth. If the relative rate index is over 1.0, then that minority group is overrepresented in that part of the system. As a tool, the index can provide useful data for a more intensive examination of each part of the juvenile justice system to better understand why disproportionate minority contact is occurring.

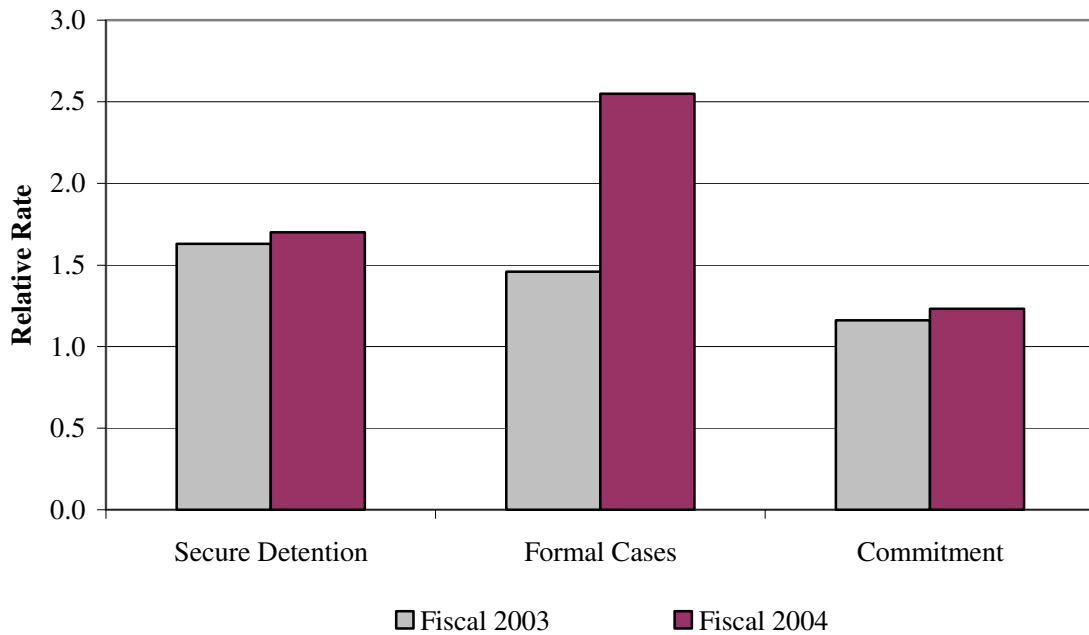
As shown in **Exhibit 22**, for secure detention, the formal caseload, and the committed population, the relative rate index for each part of the system is over 1.0. Further, the relative rate index worsened between fiscal 2003 and 2004.

While this issue of disproportionate minority confinement within the juvenile justice system has long been discussed in Maryland, the current Administration has certainly accorded greater institutional emphasis to the subject. Most pointedly, the first budget submitted by Governor Ehrlich included new funding for an Office of Disproportionate Minority Confinement within DJS, under the leadership of a new assistant secretary position. The fiscal 2004 budget included \$250,000 for this effort. The department justified the new position by noting that it was important to have leadership within the department that was focused on this particularly vexing problem.

However, the assistant secretary hired to do this work and another position were recently transferred to the Governor's Office of Crime Control and Prevention (GOCCP). While the intent is for the work to continue, it is unclear why it has been moved outside the department. Nor is it clear how easy it will be to promote the changes necessary to effectively address this problem when the resources charged with performing the task are now at GOCCP, or if GOCCP is a suitable location.

DJS should be prepared to brief the committees on the reason for this organizational change.

Exhibit 22
Relative Rate Index – Various Placement Types
Fiscal 2003 – 2004



Source: Department of Juvenile Services

Recommended Actions

1. Add the following section:

SECTION XX. AND BE IT FURTHER ENACTED, That \$100,000 of the general fund appropriation for M00A01.01 – Executive Direction, and \$100,000 of the general fund appropriation for N00A01.01 – Office of the Secretary, and \$100,000 of the general fund appropriation for V00D01.01 – Office of the Secretary may not be expended until:

- (1) the Department of Health and Mental Hygiene, the Department of Human Resources, and the Department of Juvenile Services submit a report to the budget committees and the Interagency Rates Committee in the Maryland State Department of Education by January 31, 2007, listing by provider, the amount and percentage of annual funding paid to licensed child residential group home providers in Maryland that was retained by the provider at the end of the previous fiscal year; and
- (2) the budget committees have reviewed and commented on the report or 45 days have elapsed from the date the committees received the report.

It is the intent of the General Assembly that the departments should submit this report on an annual basis.

Explanation: In order to improve oversight of group homes for children and ensure that provider rates are being set properly, it is important for the State to monitor the amount of earnings providers retain each year. This language restricts funding in the budgets of the Department of Health and Mental Hygiene (DHMH), the Department of Human Resources (DHR), and the Department of Juvenile Services (DJS) until the departments provide a report on retained earnings to the budget committees and the Interagency Rate Committee.

Information Request	Authors	Due Date
Report on earnings retained by child residential group home providers	DHMH DHR DJS	January 31, 2007

2. Add the following section:

SECTION XX. AND BE IT FURTHER ENACTED, That \$100,000 of the general fund appropriation for M00A01.01 – Executive Direction, and \$100,000 of the general fund appropriation for N00A01.01 – Office of the Secretary, and \$100,000 of the general fund appropriation for V00D01.01 – Office of the Secretary may not be expended until:

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- (1) the Department of Health and Mental Hygiene, the Department of Human Resources, and the Department of Juvenile Services submit a copy of each independent audit of rate contracts for fiscal 2006 for licensed child residential group homes in Maryland to the Interagency Rates Committee in the Maryland State Department of Education by January 31, 2007;
- (2) the Maryland State Department of Education submits a report by March 31, 2007, to the budget committees certifying receipt of the audits and listing the providers from which audit reports were not received; and
- (3) the budget committees have reviewed and commented on the report or 45 days have elapsed from the date the committees received the report.

The Maryland State Department of Education shall incorporate review of these audits into the annual rate-setting process for group homes licensed in Maryland by checking the audit results against reported budget data that were used to develop the rates. It is the intent of the General Assembly that the departments submit audit reports to the Interagency Rates Committee on an annual basis.

Explanation: In order to improve oversight of group homes for children and ensure that provider rates are being set properly, it is important that the audits submitted by the providers at the end of each year be evaluated against the budgets that were submitted by the providers the previous year as part of the rate application process and that the results of this comparison be taken into consideration when the new rates are developed. This language restricts funding in the budgets of the Department of Health and Mental Hygiene, the Department of Human Resources, and the Department of Juvenile Services until the departments provide the audits to the Interagency Rates Committee (IRC). It also requires the IRC to certify the receipt of the audits and to incorporate the review of the audits into the annual rate setting process.

Information Request	Author	Due Date
Report certifying receipt of provider audits and list of audits not received	Maryland State Department of Education	March 31, 2007

3. Add the following section:

SECTION XX. AND BE IT FURTHER ENACTED, That \$100,000 of the general fund appropriation for M00A01.01 – Executive Direction, and \$100,000 of the general fund appropriation for N00A01.01 – Office of the Secretary, and \$100,000 of the general fund appropriation for V00D01.01 – Office of the Secretary may not be expended until:

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- (1) the Department of Health and Mental Hygiene, the Department of Human Resources, and the Department of Juvenile Services submit a report to the budget committees by October 1, 2006, that reports on the percentage of dollars currently paid to licensed child residential group homes that is spent on direct care and that proposes a minimum percentage of the per diem funds paid to child residential group home providers in Maryland that should be spent on the direct care of residents. The report shall also discuss the feasibility of requiring licensed child residential group homes in Maryland to spend a minimum percentage of the per diem funds on the direct care of residents and the recommended method (by statute, regulation or other means) such a requirement would be instituted; and
- (2) the budget committees have reviewed and commented on the report or 45 days have elapsed from the date the report was received by the committees.

Explanation: Currently there is no minimum amount of the State funds received by providers of child residential group homes that must be spent on the direct care of the residents. This language restricts funds in the Department of Health and Mental Hygiene (DHMH), the Department of Human Resources (DHR), and the Department of Juvenile Services (DJS) until the departments submit a report identifying what the minimum percentage should be for direct care spending and the feasibility of establishing a minimum direct care spending requirement.

Information Request	Authors	Due Date
Report on minimum direct care spending	DHMH DHR DJS	October 1, 2006

4. Add the following language:

SECTION XX. AND BE IT FURTHER ENACTED, That \$100,000 of the general fund appropriation for N00A01.01 – Office of the Secretary, and \$100,000 of the general fund appropriation for R00A01.01 – Office of the State Superintendent-Headquarters, and \$100,000 of the general fund appropriation for V00D01.01 – Office of the Secretary may not be expended until:

- (1) the Department of Human Resources, the Department of Juvenile Services and the Interagency Rates Committee in the Maryland State Department of Education submit a report to the budget committees by October 1, 2006, providing a methodology for fiscal 2008 rates set by the Interagency Rates Committee to incorporate performance-based incentives based upon outcomes appropriate for each department; and
- (2) the budget committees have reviewed and commented on the report or 45 days have elapsed from the date the committees received the report.

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It is the intent of the General Assembly that the departments should utilize performance-based contracts for all out-of-home placements that utilize rates set by the Interagency Rates Committee annually beginning in fiscal 2008.

Explanation: Current rate-setting methodology does not incorporate any element related to vendor performance. This language restricts funding in the budgets of the Department of Human Resources (DHR), the Maryland State Department of Education (MSDE), and the Department of Juvenile Services (DJS) until those agencies provide a report to the budget committees detailing a methodology to incorporate performance-based incentives into the rate-setting process. The language also expresses legislative intent that such incentives be built into rates beginning in fiscal 2008.

Information Request	Authors	Due Date
Report on incorporating performance-based incentives into the rate-setting process	DHR MSDE DJS	October 1, 2006

5. Add the following language:

Provided that funds appropriated to the Department of Juvenile Services in Comptroller Object 01 Salaries and Wages are to be utilized for their intended purposes only and may not be transferred to any other purpose.

Explanation: The language restricts the use of funding appropriated to support regular position salaries and fringe benefits to that purpose.

	<u>Amount Reduction</u>		<u>Position Reduction</u>
6. Delete five vacant administrative positions at the Department of Juvenile Services Headquarters.	\$ 271,000	GF	5.0
7. Delete funding for information technology upgrades at Cheltenham. These upgrades should be deferred until the new facility for Cheltenham is proposed. The recently submitted Facilities Master Plan calls for the replacement of Cheltenham beginning in fiscal 2008.	1,800,000	GF	

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- | | | | |
|-----|--|---------|----|
| 8. | Reduce funding for replacement computer equipment. The department submitted an extensive list of replacement equipment to be funded in the fiscal 2007 allowance. This reduction is based on pricing used in the request for desktop and laptop computers. | 216,000 | GF |
| 9. | Reduce funds for vehicle maintenance. The fiscal 2007 allowance includes funding to replace over one-quarter of the department’s motor vehicle fleet. Since the department will be replacing vehicles with above average maintenance costs, overall maintenance expenditures should fall. | 100,000 | GF |
| 10. | Reduce funding based on estimates of donations. The department receives donations at various facilities. This reduction aligns fiscal 2007 estimated donations with the most recent actuals. If the donation levels are higher, the department may add those donations through budget amendment. | 110,000 | SF |
| 11. | Add the following language to the general fund appropriation: | | |

, provided that \$100,000 of this appropriation may not be expended until the Department of Juvenile Services submits a report to the budget committees by November 1, 2006, detailing a procedure for seeking Medicaid reimbursement for behavioral health evaluations delivered in community settings. In developing the report, the department shall consult with the Department of Health and Mental Hygiene. The budget committees shall have 45 days to review and comment on the report.

Explanation: The Department of Juvenile Services (DJS) is proposing significant expansion of behavioral health evaluations in the fiscal 2007 allowance. Although federal law restricts the ability to claim Medicaid funds for such evaluations in certain juvenile detention and commitment facilities, some of the evaluations occur in community settings for which Medicaid funds may be claimed. The language withholds funds until DJS, in consultation with the Department of Health and Mental Hygiene (DHMH), develops a procedure for attaining any Medicaid funds for which it may be eligible.

Information Request	Author	Due Date
Report on claiming Medicaid funds for behavioral health assessments	DJS in consultation with DHMH	November 1, 2006

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	<u>Amount Reduction</u>	<u>Position Reduction</u>
12. Reduce funding for medicine and related supplies. This reduction is consistent with other realignment of somatic health care costs given the changing population served directly by the department.	100,000	GF
13. Reduce funds for non-residential programming. The department’s fiscal 2006 budget included a significant increase in non-residential programming. However, the department has been slow to develop the programming and spend these funds. This reduction level funds fiscal 2007 expenditures to the fiscal 2006 appropriation.	144,000	GF

14. Adopt the following narrative:

Regionalization: Underpinning the recently submitted Facilities Master Plan for the Department of Juvenile Services (DJS) was a revised regional structure and a proposal to enhance the autonomy of those regions. However, to date, little detail on the specific level of autonomy has been provided. DJS has indicated it will finalize its regionalization initiative once it has evaluated the implementation of a pilot project in the Western Maryland region. The committees request that DJS report back on its regionalization initiative including an evaluation of the strengths and weaknesses exhibited in the pilot region.

Information Request	Author	Due Date
Evaluation of regionalization initiative	DJS	December 15, 2006
Total Reductions		\$ 2,741,000
Total General Fund Reductions		\$ 2,631,000
Total Special Fund Reductions		\$ 110,000

Updates

1. Progress Made in Implementation of Two-way Radios but....

DJS's fiscal 2006 appropriation included \$250,000 to lease-purchase two-way radio equipment for installation throughout State-run committed and detention facilities. The budget committees added budget bill language withholding this appropriation until DJS provided evidence that two-way radio equipment installed at BCJJC with federal funds was operating as intended.

On July 1, 2005, DJS submitted a letter to the committees affirming the appropriate operation of the two-way radio equipment at BCJJC and detailing how it intended to provide similar equipment at other facilities. In a June site visit to BCJJC, DLS spoke to BCJJC staff who similarly affirmed the security and youth management advantages offered by the two-way radio equipment. These included better emergency response, the availability of a "man down" button to improve staff security, the integration of communications between facility staff and transportation officers, and improved hallway management as youth move throughout the facility. However, DLS would also note that in following-up with DJS on its request to release the withheld funds DJS disclosed that of the department's 15 facilities, 11 were operating radio equipment without a valid Federal Communication Commission license. This action exposed the State to potential fines although the department's Chief Information Officer took action to receive temporary licenses while the department seeks permanent licenses.

Exhibits 23 and **24** detail subsequently completed two-way radio systems within the department as well as those that are still pending.

**Exhibit 23
DJS Completed Two-way Radio Systems**

Location	Frequency	Status	FCC Permanent License Received	Antenna	Installation Elements			
					Repeater Channels	Cabling	Base Station	Date of Operation
BCJJC	VHF	Complete	Yes	Yes	2	Yes	1	12/04 & 5/05
Thomas J.S. Waxter Children's Center	UHF	Complete	Yes	No	n/a	n/a	1	4/05
Lower Eastern Shore Children's Center	UHF	Complete	Yes	Yes	1	Yes	1	5/05
Western Maryland Children's Center	UHF	Complete	Yes	No	n/a	n/a	1	9/05
Maryland Youth Residence Center	UHF	Complete	Yes, using same frequency as BCJJC	No	n/a	n/a	1	12/05
Charles H. Hickey School	VHF	Complete	Yes	Yes	2	Yes	2	7/04 & 5/05
Alfred D. Noyes Center	UHF	Complete	Yes	No	n/a	n/a	1	9/05
Cheltenham	VHF	Complete	Yes	Yes	Yes	Yes	2	1/06

FCC = Federal Communications Commission

Source: Department of Juvenile Services

**Exhibit 24
DJS Pending Two-way Radio Systems**

Location	Frequency	Status	FCC Permanent License Received	Antenna	Installation Elements			
					Repeater Channels	Cabling	Base Station	Date of Operation
Green Ridge Youth Center	UHF	Equipment Ordered	Pending FCC Approval	Yes	1	Yes	1	TBD
Savage Mountain Youth Center	UHF	Equipment Ordered	Pending FCC Approval	Yes	1	Yes	1	TBD
Backbone Mountain Youth Center	UHF	Equipment Ordered	Pending FCC Approval	Yes	1	Yes	1	TBD
Meadow Mountain Youth Center	UHF	Equipment Ordered	Pending FCC Approval	Yes	1	Yes	1	TBD
Druid/Schaefer	TBD	Pending Site Assessment	Pending FCC Approval	TBD	TBD	TBD	TBD	TBD
Deweese Carter Youth Facility	TBD	Pending Site Assessment	Pending FCC Approval	TBD	TBD	TBD	TBD	TBD
Victor Cullen Academy	UHF	TBD	Yes	Yes	1	Yes	TBD	No

Source: Department of Juvenile Services

2. Not So Much Progress Made on Numerous Other *Joint Chairmen’s Reports*

Based on a variety of concerns about DJS’s fiscal 2006 budget and other issues, the April 2005 *Joint Chairmen’s Report* (JCR) tasked DJS with providing the budget committees with a variety of reports. **Exhibit 25** details those reports as well as the status of those reports at the time of writing. At this time, four JCR responses have been received, three JCR responses are overdue, and another requesting a plan to attract and retain direct care workers has also yet to be received.

Exhibit 25
DJS Fiscal 2006 JCR Reports – Status

<u>Report</u>	<u>Due Date</u>	<u>Status</u>
Spending plan to attract and retain direct care workers. \$625,000 in fiscal 2006 funds withheld pending the receipt of this report.	30 days prior to the expenditure of funds.	Not yet received.
Timeline for implementation of Gap Analysis Report recommendations	July 1, 2005.	Received August 2005.
Progress report on implementation of Gap Analysis Report recommendations. \$1 million in fiscal 2006 funds withheld pending the receipt of this report (in combination with the report immediately above).	December 15, 2005.	Not yet received.
Information on the fiscal 2006 residential diversion initiative. \$250,000 in fiscal 2006 funds withheld pending the receipt of this report.	July 1, 2005.	Received July 2005. Withheld funds released.
Implementation of the fiscal 2006 residential diversion initiative. \$250,000 in fiscal 2006 funds withheld pending the receipt of this report.*	November 1, 2005.	Not yet received.
Juvenile delinquency prevention programs. \$100,000 in fiscal 2006 funds withheld pending the receipt of this report.	November 1, 2005.	Not yet received.
Functionality of two-way radio equipment. \$250,000 in fiscal 2006 funds withheld pending the receipt of this report.	30 days prior to the expenditure of funds.	Received July 2005. Withheld funds released.
Response to CRIPA investigation. \$2 million in Dedicated Purpose Account funds withheld pending the receipt of this report.	45 days prior to the expenditure of funds.	Received July 2005. Withheld funds released.

* Although DJS has not submitted the required report, DJS was able to provide DLS with the required data for the fiscal 2007 budget deliberations as also required by the budget bill language.

Source: Department of Juvenile Services

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 2005					
Legislative Appropriation	\$172,004	\$248	\$15,358	\$140	\$187,750
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	6,167	8,000	1,500	2,578	18,245
Reversions and Cancellations	-410	-123	-933	-782	-2,249
Actual Expenditures	\$177,761	\$8,125	\$15,925	\$1,936	\$203,747
Fiscal 2006					
Legislative Appropriation	\$175,451	\$253	\$16,897	\$306	\$192,907
Budget Amendments	1,270	2,000	0	0	3,270
Working Appropriation	\$176,721	\$2,253	\$16,897	\$306	\$196,177

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

Fiscal 2005

The fiscal 2005 legislative appropriation for DJS was increased by almost \$16 million. This increase was derived as follows:

- Budget amendments added over \$18.2 million to the legislative appropriation. Specifically:
 - General fund budget amendments added almost \$6.2 million. Of this, almost \$4.4 million represents funds transferred from DBM to DJS to support an ASR increase for certain classes of direct care workers; just over \$1.5 million represents the department's share of the fiscal 2005 cost-of-living adjustment (COLA) originally budgeted in DBM; and \$288,000 comes from the fiscal 2005 contingent fund for an emergency generator at Green Ridge Youth Camp and mold remediation at the Hickey School.
 - Special fund budget amendments increased the legislative appropriation by \$8 million. This entire amount was a transfer from the State Reserve Fund to cover identified fiscal 2005 deficiency requirements (almost \$6.7 million for residential per diem placements and \$1.3 million for direct care worker salaries at various State-operated facilities).
 - Federal fund budget amendments added \$1.5 million to the legislative appropriation. This entire amount related to higher than anticipated federal IV-E attainment.
 - Reimbursable fund budget amendments increased the legislative appropriation by just under \$2.6 million. Major increases included: over \$1.5 million approved by the legislature in the 2004 session as part of the Subcabinet Fund budget to cover a variety of expenditures such as video surveillance equipment, consultant costs in connection with the development of a Facilities Master Plan, a Disaster Recovery Plan, and staff training; \$630,000 for enhanced security equipment at BCJJC; and \$362,000 for wraparound and substance abuse services.
- Reversions and cancellations trimmed just over \$2.2 million from the increase to the legislative appropriation made by budget amendment. Of this, \$410,000 was a general fund reversion, virtually all from funds budgeted for health insurance premiums; \$123,000 was special fund cancellations; \$933,000 was federal fund cancellations, most of which (71%) was lower than anticipated IV-E attainment; and \$782,000 in reimbursable fund cancellations.

Fiscal 2006

To date, the fiscal 2006 legislative appropriation has been increased by just under \$3.3 million. Of this amount, just under \$1.3 million in general funds represents the department's share of the fiscal 2005 COLA originally budgeted in DBM. The remaining \$2 million, all special

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funds, represented a transfer from the Dedicated Purpose Account as authorized by the fiscal 2006 budget bill for expenditures relating to the State's response to the U.S. Department of Justice CRIPA investigation of the Hickey School and Cheltenham Youth Facility. More detail on the expenditure of this \$2 million is found in Issue 3.

Audit Findings

Departmental Unit:	Youth Centers and Western Maryland Children’s Center
Audit Period for Last Audit:	May 7, 2001 – October 17, 2004
Issue Date:	March 9, 2005
Number of Findings:	2
Number of Repeat Findings:	1
% of Repeat Findings:	50%
Rating: (if applicable)	n/a

Finding 1: Proper internal controls were not established over the processing of purchasing and disbursement transactions. Specifically, the youth centers did not take full advantage of the security features (notably establishing independent on-line approval requirements) of the State’s Financial Management Information System.

Finding 2: Internal controls over the youth centers’ payroll were inadequate. Specifically, there was no evidence that supervisory personnel who approved electronic payroll time reports reviewed documentation supporting adjustments recorded on those reports.

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

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

<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	1962.85	2080.85	2080.85	0	0%
02 Contractual	543.00	242.85	138.65	-104.20	-42.9%
Total Positions	2505.85	2323.70	2219.50	-104.20	-4.5%
Objects					
01 Salaries and Wages	\$ 100,955,634	\$ 110,803,140	\$ 122,010,931	\$ 11,207,791	10.1%
02 Technical & Spec Fees	13,553,371	6,481,879	4,376,092	-2,105,787	-32.5%
03 Communication	2,570,365	2,869,818	2,684,607	-185,211	-6.5%
04 Travel	600,920	488,450	555,000	66,550	13.6%
06 Fuel & Utilities	3,003,838	3,049,116	2,984,656	-64,460	-2.1%
07 Motor Vehicles	937,878	852,440	2,013,230	1,160,790	136.2%
08 Contractual Services	70,673,446	60,336,667	85,395,872	25,059,205	41.5%
09 Supplies & Materials	5,165,704	4,503,082	4,596,754	93,672	2.1%
10 Equip - Replacement	94,417	25,000	1,249,000	1,224,000	4896.0%
11 Equip - Additional	917,535	1,052,767	907,136	-145,631	-13.8%
12 Grants, Subsidies, and Contributions	128,694	554,324	423,000	-131,324	-23.7%
13 Fixed Charges	5,135,624	5,160,473	4,532,003	-628,470	-12.2%
14 Land & Structures	9,111	0	0	0	0.0%
Total Objects	\$ 203,746,537	\$ 196,177,156	\$ 231,728,281	\$ 35,551,125	18.1%
Funds					
01 General Fund	\$ 177,760,801	\$ 176,721,359	\$ 216,162,000	\$ 39,440,641	22.3%
03 Special Fund	8,124,502	2,253,000	253,000	-2,000,000	-88.8%
05 Federal Fund	15,924,936	16,896,837	15,007,321	-1,889,516	-11.2%
09 Reimbursable Fund	1,936,298	305,960	305,960	0	0%
Total Funds	\$ 203,746,537	\$ 196,177,156	\$ 231,728,281	\$ 35,551,125	18.1%

Note: The fiscal 2006 appropriation does not include deficiencies.

**Fiscal Summary
Department of Juvenile Services**

<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 Office of the Secretary	\$ 910,472	\$ 1,200,297	\$ 2,420,722	\$ 1,220,425	101.7%
02 Departmental Support	18,601,106	21,134,985	28,977,145	7,842,160	37.1%
01 Residential Services	48,565,171	49,117,350	49,730,245	612,895	1.2%
02 Admissions	11,989,479	15,144,979	19,606,728	4,461,749	29.5%
03 Community Justice Supervision	81,626,768	70,567,090	82,757,940	12,190,850	17.3%
03 Western Region	42,053,541	39,012,455	48,235,501	9,223,046	23.6%
Total Expenditures	\$ 203,746,537	\$ 196,177,156	\$ 231,728,281	\$ 35,551,125	18.1%
General Fund	\$ 177,760,801	\$ 176,721,359	\$ 216,162,000	\$ 39,440,641	22.3%
Special Fund	8,124,502	2,253,000	253,000	-2,000,000	-88.8%
Federal Fund	15,924,936	16,896,837	15,007,321	-1,889,516	-11.2%
Total Appropriations	\$ 201,810,239	\$ 195,871,196	\$ 231,422,321	\$ 35,551,125	18.2%
Reimbursable Fund	\$ 1,936,298	\$ 305,960	\$ 305,960	\$ 0	0%
Total Funds	\$ 203,746,537	\$ 196,177,156	\$ 231,728,281	\$ 35,551,125	18.1%

Note: The fiscal 2006 appropriation does not include deficiencies.