

Q00B00
Division of Correction
Department of Public Safety and Correctional Services

Operating Budget Data

(\$ in Thousands)

	FY 07	FY 08	FY 09	FY 08-09	% Change
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>	<u>Prior Year</u>
General Fund	\$674,325	\$670,853	\$738,098	\$67,245	10.0%
Special Fund	63,767	66,740	77,782	11,042	16.5%
Federal Fund	8,607	10,588	10,592	4	0.0%
Reimbursable Fund	<u>5,090</u>	<u>4,729</u>	<u>4,785</u>	<u>56</u>	<u>1.2%</u>
Total Funds	\$751,788	\$752,909	\$831,257	\$78,348	10.4%

- Two deficiency appropriations, totaling approximately \$5.9 million, are needed to fund additional overtime costs and to cover the costs of housing inmates in other jurisdictions due to the closure of the Maryland House of Correction.
- The fiscal 2009 allowance increases approximately \$78.3 million, or 10.4%. Absent health insurance and Other Post Employment Benefits funding which distorts year-to-year comparisons, the underlying fiscal 2009 budget growth is approximately \$40.6 million, or 5.9%. Increases are largely due to personnel costs and the opening of the final two housing units at the North Branch Correctional Institution.

Personnel Data

	FY 07	FY 08	FY 09	FY 08-09
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>
Regular Positions	7,350.50	7,437.50	7,586.50	149.00
Contractual FTEs	<u>43.27</u>	<u>85.07</u>	<u>85.07</u>	<u>0.00</u>
Total Personnel	7,393.77	7,522.57	7,671.57	149.00

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	533.33	7.03%
Positions Vacant as of 12/31/07	734.40	9.87%

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

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- The division's regular personnel complement increases by a net 149 positions. An increase of 156 new positions, which include 148 correctional positions, 6 administrative support positions, 1 psychology associate, and 1 social worker, is needed to staff the final two housing units at North Branch Correctional Institution which are slated to open in spring and fall of 2008. The new positions are offset by the abolishment of 7 administrative support positions within the Division of Correction Headquarters as part of cost containment actions.

Analysis in Brief

Issues

Correctional Officer Staffing: Due to an insufficient applicant pool and an increasing number of correctional officer vacancies, which had resulted in significantly increased overtime expenditures and correctional officer resignations, the General Assembly approved implementation of a variety of enhancements for correctional officers in fiscal 2006. Preliminary information indicates that these combined enhancements have had a positive impact on correctional officer recruitment and retention; however, vacancies and overtime spending are still prominent concerns throughout the division. **The Department of Public Safety and Correctional Services (DPSCS) should comment on why so many vacancies are occurring within six months of hiring and what efforts the division is making to improve attrition.**

Provision and Coordination of Reentry Services: DPSCS has abandoned the Reentry Enforcement Services Targeting Addiction, Rehabilitation, and Treatment (RESTART) program and intends to focus more on providing basic reentry services. A response submitted in July 2007 to a *Joint Chairmen's Report* request did not adequately address all questions related to the expansion of reentry services to pre-release inmates. As such, a follow-up letter requested that the department be prepared to provide the committees with a variety of information regarding reentry service provision during the 2008 session. **The Department of Legislative Services (DLS) recommends the committees adopt narrative directing the department to submit an evaluation of the RESTART program since it has been implemented at the two pilot sites since fiscal 2005.**

Adult Correctional Education: Senate Bill 203/House Bill 367 of 2008 proposes transferring adult education and literacy services and education and training programs for correctional facilities from the Maryland State Department of Education (MSDE) to the Department of Labor, Licensing, and Regulation (DLLR), in order to consolidate workforce development functions throughout the State. Academic enrollments account for the majority of participation in correctional education programs. Since the average inmate entering the division has less than an eighth grade education, MSDE provides both academic and special education services well beyond workforce development training. Concern exists that these services might not be as efficiently addressed under the proposed DLLR program. **DPSCS should comment on how it anticipates basic and special academic operations to be maintained under a DLLR workforce development program. The disadvantages of moving correctional education to DLLR appear to outweigh the advantages, and the committees should consider this information when addressing the proposed legislation.**

Recommended Actions

1. Adopt narrative requiring the department to submit an evaluation of the Reentry Enforcement Services Targeting Addition, Rehabilitation, and Treatment program.

Updates

Maryland House of Correction: The Maryland House of Correction was closed on March 17, 2007, due to the facility's antiquated design and safety concerns. In October 2007, the department submitted a 2007 *Joint Chairmen's Report* response providing details on how the closure has impacted the Division of Correction from both an operational and capital construction aspect.

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Division of Correction
Department of Public Safety and Correctional Services

Operating Budget Analysis

Program Description

The Division of Correction (DOC) supervises the operation of State correctional institutions in accordance with applicable State and federal law. The division provides public safety and victim services through information sharing and the supervision of defendants and offenders located in the community, in places of safe, secure, and humane confinement. DOC also administers the Canine Operations Unit, used to enhance institutional security by providing trained canine handlers and dogs for drug detection capabilities and to respond to institutional events at State facilities. An additional component of the DOC is the Maryland Correctional Enterprises (MCE) which provides work and job training for incarcerated inmates through the production of goods and provision of services used by local, State, and federal agencies, in addition to a variety of nonprofit organizations.

Performance Analysis: Managing for Results

As the largest custodial agency within the Department of Public Safety and Correctional Services (DPSCS), the DOC houses approximately 24,000 offenders. Each year, about 15,000 offenders are released back into the community. **Exhibit 1** shows the one-, two-, and three-year recidivism rates, or the percent of total releases returned to the department's supervision within one, two, and three years of release due to a new conviction resulting in probation intake or prison admission. According to the most recent statistics, the one-year recidivism rate was 23.0%, meaning slightly less than 3,000 offenders who were released in 2003, were returned to custody by 2004. The fiscal 2006 three-year recidivism rate was approximately 50.3%, meaning 6,458 offenders were returned to DOC custody within three years of release. While this is a decline from the 51.1% recidivism rate four years ago, it still represents an increase of more than 2,100 returning offenders when compared to the 1997 recidivism rate. **DPSCS should be prepared to comment on how this recidivism rate compares to the national average and other states with inmate populations comparable to Maryland.**

Exhibit 1
Department of Public Safety and Correctional Services
Three-year Overall Recidivism Rates

<u>Fiscal Year</u>	<u>Release Year</u>	<u>Total Releases</u>	<u>First Year</u>	<u>Second Year</u>	<u>Third Year</u>
1997	1994	9,947	19.3%	34.6%	43.4%
2002	1999	13,853	24.8%	40.9%	51.1%
2006	2003	12,839	23.0%	39.7%	50.3%

Source: Department of Public Safety and Correctional Services

Fiscal 2008 Actions

Proposed Deficiency

DOC has two deficiency appropriations totaling approximately \$5.9 million. The majority, approximately \$5.7 million, is needed to fund additional overtime expenditures which were underfunded in the fiscal 2008 budget. An additional \$228,145 is needed to provide funds to cover the cost of housing inmates in other jurisdictions due to the closure of the Maryland House of Correction (MHC). The total estimated cost for housing inmates out-of-state in fiscal 2008 is \$923,000. This increase is not expected to continue in fiscal 2009, as the out-of-state inmates will be moved back to Maryland once the additional beds at North Branch Correctional Institution (NBCI) in Cumberland come on-line.

Impact of Cost Containment

Cost containment actions taken by the Board of Public Works in July 2007 reduced the fiscal 2008 general fund appropriation by approximately \$11 million, including the abolishment of 14 regular positions. Approximately \$8 million of the total reduction, including the abolishment of the positions, was due to savings generated from the closure of MHC. The remaining \$3 million was a reduction based on a related increase in federal funding due to a renegotiation of the per diem rate for housing federal offenders.

Governor’s Proposed Budget

Exhibit 2 shows that the fiscal 2009 allowance increases by approximately \$78.3 million, or 10.4%, over the fiscal 2008 working appropriation.

Personnel expenses account for a net \$57.2 million, or 72.9%, of the growth. The allowance includes \$7.7 million for employee increments and approximately \$5.9 million for the proposed 156 new positions. Overtime spending increases approximately \$15.3 million, or 93.5%, over the fiscal 2008 working appropriation. The agency increased its turnover expectancy from 4.33% in the fiscal 2008 working appropriation to 7.03% in the fiscal 2009 allowance. This resulted in a \$10.8 million reduction and requires the equivalent of 533 positions be left vacant.

The allowance includes an additional \$6.5 million to fund inmate medical services. Approximately \$4.0 million reflects inflationary increases in the inmate medical contracts, and \$2.5 million is for the expansion of HIV testing and treatment at intake and upon release from the DOC. Current policy only tests inmates at intake if they request to be tested or clinically if a doctor prescribes the test based on symptoms. The new policy would be “mandatory with opt-out,” meaning that every inmate would be advised at both intake and prior to release into the community that the division would like to test for HIV, unless the inmate specifically requests to not be tested. DOC anticipates one-third of inmates will opt-out. A total of 5,697 tests were conducted in fiscal 2007, and the average number of inmates receiving treatment per month was 623. With the estimated one-third of the intake and release population opting out of being tested, it is anticipated that close to 16,000 tests could be conducted in fiscal 2009. However, testing accounts for a small portion of the overall cost, approximately \$320,000. The majority of the \$2.5 million would be used for increased treatment costs since additional testing is likely to identify more positive results. DOC estimates treatment costs to be approximately \$16,000 per inmate for medication and ancillary non-medication costs.

The fiscal 2009 allowance includes \$13.5 million in anticipation of opening Housing Unit (HU) 3 at NBCI before the end of fiscal 2008 and HU 4 in December 2008. Operating expenses are estimated based upon full year operations for HU 3 and seven months of operations for HU 4. Personnel expenses account for 82.8%, or \$11.2 million, of the total \$13.5 million. A total of 279 additional positions are needed to staff the fully operational facility; 123 positions were transferred during fiscal 2008 from MHC, and approximately \$5.9 million of the \$13.5 million is for the 156 new positions. The remaining \$2.3 million is needed for typical operating expenses including nine new vehicles, \$1.0 million for fuel and utilities, and \$1.0 million for supplies and equipment.

Exhibit 2
Governor’s Proposed Budget
DPSCS – Division of Correction
(\$ in Thousands)

How Much It Grows:	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
2008 Working Appropriation	\$670,853	\$66,740	\$10,588	\$4,729	\$752,909
2009 Governor’s Allowance	<u>738,098</u>	<u>77,782</u>	<u>10,592</u>	<u>4,785</u>	<u>831,257</u>
Amount Change	\$67,245	\$11,042	\$4	\$56	\$78,348
Percent Change	10.0%	16.5%	0.0%	1.2%	10.4%
Where It Goes:					
Personnel Expenses					
New positions					\$5,914
Abolished/transferred positions					-453
Increments and other compensation					7,679
Overtime earnings.....					15,323
Social Security contributions.....					1,487
Health insurance – pay-as-you-go costs					9,726
Health Insurance – reduce long-term Other Post Employment Benefits liability.....					26,493
Fiscal 2008 Budget Section 45 – one-time hiring freeze savings					1,650
Turnover adjustments					-10,784
Other fringe benefit adjustments.....					126
Other Changes					
Maryland Correctional Enterprises raw materials and production supplies					8,426
Inmate medical contracts					4,029
Expansion of HIV testing and treatment.....					2,454
Fuel and utilities					1,761
Local jail back-up					1,388
Additional operating expenses due to opening of Housing Units 3 and 4 at the North Branch Correctional Institution					1,026
Motor vehicles					505
Payments to federal and out-of-state facilities for housing the Division of Correction inmates.....					-526
Other					2,124
Total					\$78,348

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

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Additional increases in the fiscal 2009 allowance for MCE, local jail back-up, and fuel and utilities are offset by a reduction in payments to federal and out-of-state jurisdictions for housing DOC inmates. An increase of \$8.4 million in special funds is budgeted to purchase raw materials and production supplies for MCE to produce finished goods. Sales increased 12.3% between fiscal 2006 and 2007, from \$42.8 million to \$48.1 million, and are expected to increase at a rate of 2.0% in fiscal 2008 and 2009. Fuel and utilities are budgeted based on fiscal 2007 actual expenditures with increases for inflation and rate increases. Payments to other jurisdictions for housing DOC inmates are expected to decline as more inmates are transferred to the new housing units at NBCI. There is also \$2.0 million included in the Department of Budget and Management budget to purchase custom fitted stab vests for correctional officers.

Overtime

Exhibit 3 shows DOC overtime spending from fiscal 2005 through 2009. Overtime spending in the fiscal 2009 allowance is 93.3% higher than the fiscal 2008 working appropriation, even though it is still 19.7% below the fiscal 2007 actual expenditures. Based upon year-to-date actual overtime expenditures through November 2007, the department is projecting fiscal 2008 overtime spending for DOC to total approximately \$33.9 million. The fiscal 2008 deficiency appropriation increases overtime expenditures to \$22.1 million; however, this still leaves overtime underfunded in the current fiscal year by approximately \$11.8 million. With a fiscal 2008 turnover expectancy of 4.33% and a current vacancy rate of 9.87%, it is possible that the low turnover is offsetting the underfunded overtime. However, the fiscal 2009 allowance is approximately \$2.2 million below the fiscal 2008 year-to-date overtime spending, and the fiscal 2009 turnover expectancy is 7.03%.

DPSCS should comment on the potential for overtime to be underfunded in the fiscal 2008 and 2009 budgets and what efforts are being made to identify efficiencies and reduce total overtime spending.

**Exhibit 3
Division of Correction
Overtime Expenditures
(\$ in Millions)**

	<u>2005</u> <u>Actual</u>	<u>2006</u> <u>Actual</u>	<u>2007</u> <u>Actual</u>	<u>2008</u> <u>Appropriation</u>	<u>2008</u> <u>Working</u>	<u>2008</u> <u>Revised</u>	<u>2009</u> <u>Allowance</u>
Overtime Spending	\$15.0	\$28.5	\$39.5	\$16.2	\$16.4	\$33.9	\$31.7

Source: Department of Public Safety and Correctional Services

Personnel

The fiscal 2009 allowance includes the addition of 156 new positions for the opening of HUs 3 and 4 at NBCI. The new positions include 148 correctional positions, 6 administrative support

positions, 1 psychology associate, and 1 social worker. This reflects an increase of 51 positions over the estimated number of positions needed to staff the new facility in the Governor’s Capital Budget Books, Fiscal 2007. **Exhibit 4** illustrates how the intended use of the housing units has changed. The additional positions are needed largely because NBCI has become the facility used to house the most disruptive inmates throughout the State. Originally, HU 1 was to be a replacement for the lock-down housing at the Maryland Correctional Adjustment Center; HU 2 was to be half segregation and half general population housing; and HUs 3 and 4 were to be general population housing. Under the new plan, HU 1 is being used to support a behavioral modification step-down program; HU 2 is a segregation unit; HU 3 is a special management unit; and only HU 4 will be general population. In addition, more cells than originally anticipated will be double-celled in order to accommodate the loss of 1,100 beds from closing MHC. Since this is a maximum security facility the original intent was to single-cell most inmates. Under the new plan, half of HU3 and half of HU4 will be double-celled, increasing the total population to 1,280 inmates.

Exhibit 4
North Branch Correctional Institution Housing Units

	<u>Original Purpose</u>	<u>New Purpose</u>
HU 1	Lockdown replacement for MCAC*	Behavioral Modification Step-down Program
HU 2	50% Segregation; 50% General Population	100% Segregation
HU 3	General Population	Special Management Unit
HU 4	General Population	General Population

* Maryland Correctional Adjustment Center

Source: Department of Public Safety and Correctional Services

Inmates in the lockdown units require a staff escort whenever they are out of their cell, while general population inmates may move in groups without escort. Since the institution will focus more on specialized and behavioral inmates, with less of a general population, additional correctional officer (CO) I positions are needed to provide the additional escorts for all inmate movement out of their cells, including showers and recreation. Adequate supervision for the additional number of officers and the need of supervisory coverage for other operational changes for the housing units requires an increase in the number of sergeants, lieutenants, and captains beyond what was originally anticipated.

Aside from needing additional officers for escorts, lockdown and specialized inmate populations have other alternate operating procedures which require increased personnel. Lockdown inmates are fed in their cells instead of moving to the communal dining hall. A correctional dietary officer must be on the tier while food trays are being given out, and this has led to the need for additional correctional dietary officers. Additionally, since lockdown inmates cannot go to the Commissary, their allowed items must be delivered to their cells, which requires the need for an additional correctional supply officer. Finally, the remaining increase in non-custody positions is due to the increase in inmate programming needs from the addition of the special management unit and expansion of the behavioral modification program and segregation housing.

Impact of Cost Containment

Cost containment actions result in a total reduction of seven positions and approximately \$1.8 million. The abolished positions reduce administrative support for DOC Headquarters. The majority of the reduction, approximately \$1.4 million, is due to overtime savings. The savings is generated by reducing treatment services four days and also by converting 40 correctional officer positions to less costly correctional dietary and supply officer positions. Currently there are 32 posts where correctional officers are performing the work of these less costly positions. By converting the positions, approximately \$461,000 is generated in overtime savings.

Fiscal 2009 Contingent Reduction

Overtime expenditures increase by approximately \$15.3 million; however, once the fiscal 2008 deficiency appropriation is accounted for, the increase is \$9.6 million. There is a contingent reduction in overtime expenditures for \$7.8 million included in the fiscal 2009 budget bill, which would then only provide an increase of \$1.8 million over the fiscal 2008 anticipated spending level.

The reduction in overtime is contingent upon both the enactment of legislation changing the overtime calculation to be consistent with the federal Fair Labor Standards Act (FLSA) and also the successful negotiation with AFSCME-IBT for approval in changing the length of shifts from 8 to 12 hours. According to the department, the adjustment to a 12-hour shift provides a number of benefits to employees including increased time off and more flexibility in scheduling leave, in addition to benefiting the management of the institution by providing diverse experience levels on all shifts and the potential for a reduction in sick leave usage.

The move to a 12-hour shift cannot occur without the approval of the labor union, and without the facilities operating on a 12-hour shift, conforming to the FLSA would be too costly. Currently, the department is responsible for paying overtime to correctional officers for every minute worked beyond 8 hours per work day. Movement to a 12-hour shift without under the current overtime system would automatically award 4 hours of overtime for every shift worked. Under the FLSA, overtime is not awarded until after 171 hours have been worked per every 28-day period. Overtime savings is realized by not having to award overtime pay for the difference in hours worked between 160 and 171 hours per every 28-day period.

Enactment of the proposed law change would increase the number of days a correctional officer has off each year, from 104 to 182 relief days per year. However, the proposed change would also have the impact of reducing overtime earnings per correctional officer. At this time, however, it is difficult to estimate exactly how much overtime earnings would be reduced, since overtime would continue to be utilized in facilities where vacancies exist. **Exhibit 5** shows the distribution of average overtime earnings for correctional officers for calendar 2007.

Exhibit 5
Distribution of Correctional Officers Overtime Earnings
Fiscal 2007

<u>Average Overtime Earnings</u>	<u>Number of COs</u>	<u>Percent of Total COs</u>	<u>Percent of Overtime Earnings</u>
Earned no Overtime	564	9.7%	0.0%
\$1 – \$4,010	2,150	36.8%	10.8%
\$4,011 – \$10,025	1,809	31.0%	27.0%
\$10,026 – \$20,050	911	15.6%	28.5%
\$20,051 – \$30,075	218	3.7%	15.4%
\$30,076 or more	188	3.2%	18.2%

CO: Correctional Officers

Source: Department of Public Safety and Correctional Services

The average salary of CO I through III is approximately \$40,100. The number of filled CO positions in calendar 2007 was 5,840, of which approximately 90.3%, or 5,276 officers, earned overtime. The average overtime earnings were \$6,636 per CO, or approximately 16.5% of the officer's regular earnings. A total of 466 officers had overtime earnings greater than 50.0% of their regular salaries. This 8.8% of the correctional officer population accounted for 34.1% of all overtime earnings. Approximately 75.0% of the CO population earns less than \$10,000 in overtime per calendar year.

DPSCS should discuss how the reduction in overtime earnings might impact correctional officer support for the proposed changes.

The proposed contingent reduction would significantly impact the amount of general fund overtime expenditures appropriated in the fiscal 2009 budget, and to date, legislation to alter the overtime calculation has yet to be introduced. **As such, the agency should comment on the status of negotiations with the correctional officers' union and introduction of the proposed legislation, specifically commenting on the likelihood of introduction and passage during the 2008 session.**

Issues

1. Correctional Officer Staffing

Due to an insufficient applicant pool and an increasing number of correctional officer vacancies, which had resulted in significantly increased overtime expenditures and correctional officer resignations, the General Assembly approved implementation of a variety of enhancements for correctional officers in fiscal 2006. Preliminary information indicates that these combined enhancements have had a positive impact on correctional officer recruitment and retention; however, vacancies and overtime spending are still prominent concerns throughout the division.

Recruitment and Retention Efforts

The Correctional Officer Sign-On Bonus aims to positively impact the department’s ability to recruit new COs. The Sign-On Bonus awards a total of \$1,000 to newly hired COs, awarded in \$500 increments after 6 months and again after 12 months of satisfactory service. DPSCS has paid a total of 2,061 Sign-On Bonuses totaling \$1.0 million in calendar 2006 through December 31, 2007.

Exhibit 6 shows the number of applicants tested and hired between calendar 2004 through 2006. Between calendar 2005 and 2006, the total number of applicants tested increased nearly 90.0%, and the number of COs hired increased by 20.1%. In calendar 2007, more than 5,000 applicants were tested, with nearly 22% hired. Despite this, approximately 80.0% of applicants are rejected. **DOC should be prepared to comment on how this hiring rate compares with other states, and what are the main reasons for rejecting an applicant.**

**Exhibit 6
Correctional Officer Recruitment Efforts**

<u>Calendar</u>	<u>Applicants Tested</u>	<u>Correctional Officers Hired</u>	<u>Percent Hired</u>
2004	3,054	796	26.1%
2005	3,036	981	32.3%
2006	5,757	1,178	20.5%
2007	5,068	1,097	21.6%

Source: Department of Public Safety and Correctional Services

The Finder’s Fee Bonus provides incentive for DPSCS employees to assist in the recruitment efforts. It awards a total of \$500 for DPSCS employees who refer qualified applicants for CO I positions. The bonus is awarded in \$250 increments after the referred employee completes 6 months and 12 months of satisfactory services. The first payment was made in June 2006. Since then, there have been more than 3,600 referrals which have resulted in 1,030 new hires. The department has paid a total of 559 Finder’s Fee Bonuses totaling nearly \$140,000.

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The Correctional Officer Retention Bonus is designed to enhance the retention of employees in the CO II through CO Major classifications by awarding \$500 to persons employed for at least 12 months who have received at least a “meet standards” rating on the most recent performance evaluation, and have had less than five unscheduled absences during the designated 12-month period. DPSCS paid 3,080 retention bonuses totaling \$1.5 million through December 31, 2007. **Exhibit 7** shows the number of CO II resignations as a percent of total CO II authorized positions. The percent of CO II resignations declined from 9.0% to 7.9% between calendar 2005 and 2006. In calendar 2007, only 6.3% of CO II positions were vacated due to resignations.

Exhibit 7
Correctional Officer Retention Efforts

<u>Calendar</u>	<u>CO II Authorized Positions</u>	<u>CO II Resignations</u>	<u>Percent</u>
2004	4,599	375	8.2%
2005	4,409	396	9.0%
2006	4,272	339	7.9%
2007	4,357	275	6.3%

Source: Department of Public Safety and Correctional Services

Correctional Officer Vacancies

Exhibit 8 shows the percent of CO I, II, and sergeant positions vacant by region as of December 31, 2004, through 2007. The Western Maryland region has maintained a vacancy rate over 20% since 2005 largely because the building of NBCI has required additional positions over the years to staff the new housing units, thus reflecting a higher vacancy rate. The increased vacancy rate for the Hagerstown region reflects the movement of some staff to the Western Maryland region. Some staff have been commuting from the Cumberland area to Hagerstown until NBCI was open. With that facility coming on-line, those employees are opting to relocate to the Western Maryland region, thus creating increased vacancies in Hagerstown. The vacancy rate in the Jessup region has declined from 14.3% in 2006 to 8.8% in 2007, reflecting the ability to fill vacancies because of the reallocation of positions throughout the region from closing MHC.

Exhibit 8
Department of Public Safety and Correctional Services
Correctional Officer I, II, and Sergeant Positions
Percent of Positions Vacant

<u>Region</u>	<u>12/31/2004</u>	<u>12/31/2005</u>	<u>12/31/2006</u>	<u>12/31/2007</u>
Baltimore	1.9	3.3	6.6	6.7
Jessup	5.3	12.3	14.3	8.8
Eastern Shore	5.8	7.7	1.3	4.1
Hagerstown	6.6	4.6	3.9	7.5
Western Maryland	2.4	26.4	26.0	21.6

Source: Department of Public Safety and Correctional Services

DOC currently has nearly 735 vacancies, approximately 202 more than needed to meet the fiscal 2009 turnover expectancy. This is an improvement over the 750 positions vacant in January 2007, although since 2003 the agency has averaged a vacancy rate of approximately 8%. **Exhibit 9** illustrates the current vacancies according to the number of months the position has been vacant. Of the 735 total vacant positions, 134 were newly appropriated in fiscal 2008, and with 25% turnover expectancy, these positions have not yet been filled. Approximately 65% of the total vacancies are CO I, II, and sergeant positions. Nearly 54% of all position types have been vacant for less than 6 months. Furthermore, less than 6% of all vacancies are for more than 12 months.

Taking into account the improvements with recruitment and retention of CO II through major positions, as demonstrated with the Sign-On and Retention bonuses, Exhibit 6 would indicate the concern with hiring is no longer about developing an applicant pool or filling long-term vacancies. According to the department, a new concern is the number of CO I positions being vacated within six months of hiring. Fiscal 2007 had 249 CO I resignations within six months of being hired; approximately 44.2% were in less than two months of being hired.

DPSCS should discuss how the recruitment and retention efforts have changed the issues with hiring correctional positions and comment on why so many vacancies are occurring within six months of hiring, in addition to addressing what efforts the division is making to improve attrition. The agency should also discuss whether the screening process for applicants is effective in identifying successful correctional candidates and whether the training process for new hires provides an adequate introduction and explanation of working in a correctional occupation.

**Exhibit 9
Division of Correction
Vacancies by Number of Months Vacant as of January 1, 2008**

<u>Position Type</u>	<u>NEW FY08</u>	<u>0 to 6</u>	<u>7 to 12</u>	<u>13 to 18</u>	<u>19 to 24</u>	<u>25 to 36</u>	<u>37 to 48</u>	<u>Total</u>
Treatment	4	14	8	4	1	0	0	31
Administrative	2	28	14	4	1	0	0	49
Case Management	12	5	2	1	0	0	0	20
Correctional Support	30	34	26	7	5	0	0	102
Upper Level CO (Cpt., Lt., Mjr.)	0	28	7	2	0	0	0	37
CO I, II, Sgt.	81	282	102	15	0	0	1	481
MCE	2	5	4	1	0	0	0	12
Religious	3	0	0	0	0	0	0	3
Total Positions	134	396	163	34	7	0	1	735

CO: Correctional Officer

MCE: Maryland Correctional Enterprises

Source: Department of Budget and Management

2. Provision and Coordination of Reentry Services

Background

DPSCS is moving away from the Reentry Enforcement Services Targeting Addiction, Rehabilitation, and Treatment (RESTART) program and intends to focus more on providing basic reentry services. Prior to development of RESTART, offender treatment programs were offered but were not provided in a coordinated or targeted manner throughout DPSCS. There was no use of evidence-based practices or validated screening and assessment instruments to identify offenders' treatment needs. Limited education classes were provided only during the day time hours, and there was little support for coordinating transition services both inside and outside the prison facilities.

RESTART programming was implemented at two medium security pilot sites in January 2005 with an evaluation of the program and its impact on recidivism expected in 2009. The goal was to reduce the three-year recidivism by 10%. According to the department, RESTART began the use of addictions assessment tools and the use of cognitive-based substance abuse treatment; it also

expanded the amount of treatment personnel and created a “night school” for offenders to attend classes during the evening hours. RESTART was also designed to provide better coordination of transition services between DOC and the Division of Parole and Probation, as well as other volunteer organizations in the community.

In fiscal 2007, the department received 13 new positions for expansion of services to the pre-release community. Budget bill language restricted this expansion to only inmates who had participated in a minimum 12 months of services at either of the two pilot sites. According to the department, because of the budget bill language restrictions and struggles with filling new positions, very few RESTART services are currently being provided in the pre-release facilities. During the 2007 session, DPSCS indicated that it would like to place more focus on providing traditional reentry and transitional services to inmates. As such, the budget committees did not renew the restrictions from the fiscal 2007 budget bill language and allowed service provision for all pre-release facilities upon submission of a required report.

DPSCS should be prepared to comment on how RESTART impacted the recidivism rate of participating offenders.

Services

According to the 2007 *Joint Chairmen’s Report on the Fiscal Impact of Expanding Reentry Services to all Pre-release Inmates*, five types of services would be provided to inmates at eight pre-release facilities. Individual treatment plans would be created while the individual was incarcerated, in addition to discharge plans that would prepare and connect the inmate to services in the community. These services include:

- **Transition Services:** provision of applications for resources and entitlements; proper identification documentation; and assistance in finding housing and employment.
- **Mental Health Transition:** support and guidance for staying medically compliant, creating continuity of care, and locating mental health services once in the community for those individuals with a diagnosed mental illness.
- **Additional Case Management Functions:** social skills training including how to apply for a job, manage finances, and cognitive restructuring (Thinking for Change program).
- **Aftercare Support Services:** continuation of support programming and counseling for inmates who received prior substance abuse treatment and cognitive behavior restructuring programs.
- **Substance Abuse Treatment Services:** conversion of pre-release facility into a therapeutic community treatment center to be administered through a private contractor.

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Services would be provided according to identified risk and need, based on front and back-end assessments currently conducted by an outside vendor. These assessment tools are in the process of being reviewed by DPSCS in order to develop tools that provide more accuracy in determining proper treatments and the ability to screen all inmates more efficiently.

Population and Cost Estimates

In order to provide the services described above, DPSCS estimates needing an additional \$2.3 million. This includes \$1.4 million for an additional substance abuse treatment center and increased assessments, in addition to 25 new positions. At a minimum this would provide basic Transition Services to inmates released from a pre-release facility, in addition to providing an additional 512 inmates per year with substance abuse treatment services. This plan for expansion and the associated cost estimates were formulated based on the restrictions set by the fiscal 2007 budget bill language which limited service provision to only those pre-release inmates who had participated at either of the two pilot sites. With the restrictions no longer in place, the potential population receiving services, in addition to the costs of service provision, could be significantly higher.

On average, 15,000 inmates are released from DOC each year. Approximately 80% of those releases are because the inmate has been paroled, has received enough diminution credits to be eligible for mandatory release, or has served the entire length of his sentence. According to the department, approximately 4,200 inmates, or 30%, of all released inmates, are released through the pre-release system each year. This would likely be the targeted population for receiving reentry services. However, the remaining 70% of annual releases are released from higher security levels. This would indicate that there is a significant number of inmates being released from DOC that are not part of the pre-release system but may need reentry services.

Fiscal 2009 Allowance

Departmentwide, the fiscal 2009 allowance includes approximately \$7.5 million to fund reentry service programs. Included in the \$7.5 million is approximately \$1.8 million to be transferred to the Maryland State Department of Education (MSDE) to support academic education and occupational skills training for more than 7,000 inmates. Approximately \$5.0 million is used to fund 29 addictions counselors and provide substance abuse treatment for more than 9,700 inmates. The remainder of the funding supports the nine regular positions and two contractual FTEs that provide services to approximately 21,700 inmates, either linking them to support services in the community prior to release or creating links to community volunteers and groups providing services within the prison facilities. **Appendix 1** provides detail on what services are currently provided in each institution. All services are currently being provided at the two RESTART pilot sites and transition services are also provided at all pre-release facilities.

Additionally, MCE has developed the MCE CARES (Continuing Allocation of Reentry Services) program, which is a reentry model to provide a continuum of care of MCE inmate employees. Inmates with at least one year of MCE experience who are within 12 to 18 months of release qualify for the program, which hopes to serve 100 offenders annually. The first class is anticipated to begin in May 2008 at the Central Laundry Facility. MCE will combine the job skills

and work ethics with a standardized educational curriculum and transitional services for MCE inmate employees. The educational services are to be provided by MSDE through two part-time contractual FTEs, and the transition services will be provided by a workforce development specialist. All program activities will be funded through MCE, as legislation passed in 2005 allows MCE to spend up to \$250,000 annually to fund transitional services for its inmate employees. MCE currently employs 1,265 inmates.

Concerns

While the report provides an indication of the direction the department is heading with regard to reentry service provision, it also raises some concerns and leaves some questions unanswered. These concerns include:

- ***Lack of clarity in how and to whom reentry and transition services have been provided over the past decade.*** It is unclear as to how the recipient population has changed and whether the past programs have provided any benefit to the offender population.
- ***Lack of plan or cost estimate for providing services now that the fiscal 2007 budget bill language restrictions are no longer in place.*** Without the restrictions, more inmates are eligible to receive services, which could significantly increase costs; however, the department has not provided a clear plan for how to address this. According to Appendix 1, only two facilities are receiving all services. It is unclear what the fiscal impact will be of expanding service provision.
- ***Lack of consistency in services for all inmates released into the community.*** The approximately 4,200 inmates released through the pre-release system represent a small portion of the population released to the community each year; yet transition services are largely focused in pre-release facilities. This raises the question of whether individuals released because their sentence expired but remained incarcerated at security levels above pre-release are more likely to recidivate than those who reach pre-release classification. It also raises the potential concern that this population would not be included in the ones receiving reentry services.
- ***Lack of coordination and inclusion of community organizations and Division of Parole and Probation in providing basic transition services to individuals before and after release into the community.*** Better coordination with these groups could provide additional support and efficiencies in providing reentry services, especially basic transitional services and community connections. This has the potential to be addressed through the development of the comprehensive community corrections system.

Given these concerns, the Department of Legislative Services (DLS) recommended in an August 2007 letter that DPSCS be prepared to provide a *Follow-up Report on Reentry Service Provision to Pre-release Inmates* to the budget committees during the 2008 legislative session, that would include the following:

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- A detailed explanation of the types of services provided, the target population, and the number of inmates served prior to January 2005, through the implementation of RESTART, and under the new reentry service plan.
- Revised cost estimates, population service figures and methods of service provision with regard to the new reentry service plan since the budget bill language restrictions are no longer in effect.
- A comparison of recidivism rates according to security classification at time of release, in addition to providing a comparison of how the new service plan compares to what services other released inmates who do not pass through a pre-release facility receive.
- An explanation of the past and future efforts made by DPSCS to include community organizations and the Division of Parole and Probation in the provision of transition services, in addition to an assessment of any efficiencies of using these groups to provide transition services.

Research suggests that a number of the components implemented through RESTART, particularly the use of the evidence-based practices and assessment tools and the expansion of academic and vocational education, are beneficial to the inmate populations.

In addition to providing the requested follow-up report, DLS recommends the committees adopt narrative requiring the department to submit an evaluation of the impact of RESTART programs on the offender population served during provision of that program.

3. Adult Correctional Education

The Correctional Education Program within DPSCS is provided by MSDE under the authority of the Education Coordinating Council for Correctional Institutions. MSDE, in conjunction with DOC, is currently responsible for developing, overseeing, modifying, and monitoring the educational programs operating in state correctional facilities and institutions. Proposed legislation (Senate Bill 203/House Bill 367) introduced by the Administration during the 2008 session would transfer adult education and literacy services and education and training programs for correctional facilities from MSDE to the Department of Labor, Licensing, and Regulation (DLLR) in order to consolidate workforce development functions throughout the State.

Current Services Provided by MSDE

MSDE provides an educational program at every prison and pre-release facility in the State. Certified teachers provide educational programs, which include adult basic and adult secondary education. Persons committed to DOC after June 1, 1996, who are not high school graduates and have 18 months to be served must attend school successfully for 120 days. In addition, MSDE provides special education services for inmates who have not reached their twenty-first birthday, who have not graduated from high school or its equivalent, and who have disabilities interfering with their

learning. Beyond the high school level, MSDE also operates several post-secondary education programs, in conjunction with local colleges and universities, focusing on occupationally related training and general coursework.

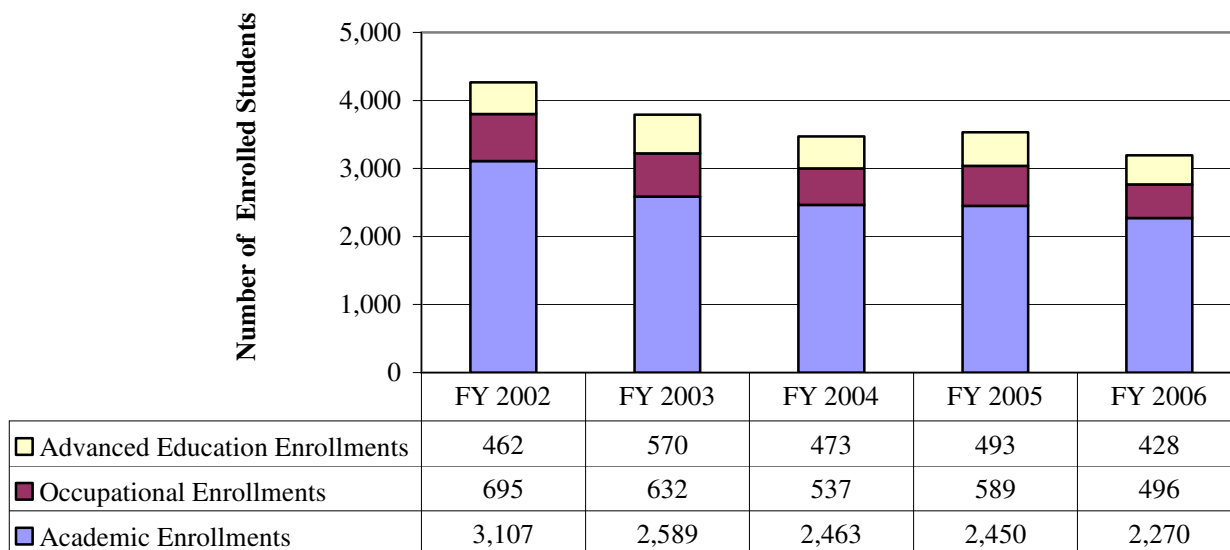
Aside from standard education services, MSDE currently addresses the need for occupational skills training and workforce development by providing vocational education courses. Based on how quickly an inmate learns certain tasks associated with a particular trade, occupation training lasts approximately six months. MSDE also contracts with community-based agencies to provide occupational training. Apprenticeship training and institutional employment are also available through MCE. This provides hands-on training and develops proper work habits for inmates. MCE requires a high school diploma or general education diploma for employment, something most inmates do not have when they first enter the correctional system, but are provided through the correctional education program.

Finally, MSDE also provides library services for the correctional system. Each prison facility has its own institutional library, and inmates in the pre-release system have access to the Brockbridge Correctional Facility library by request. Prison libraries provide books and information but also access to reference collections, newspapers, audiovisual equipment, computer software, and job market information. Some libraries offer career centers and assistance in obtaining reentry services such as community groups who support inmates after release or forms needed to get a social security card or birth certificate, etc.

Education and Program Participation

Inmate participation in education services as a percent of the total eligible inmate population was at its highest in the past five years during fiscal 2002 when 20.0% of the eligible inmate population was receiving educational services. This number decreased to 18.5% in fiscal 2003 due to cost containment. Although the total number of enrollments in correctional education programs has declined approximately 26.9% since 2002, as a percentage of the total inmate population, participation has remained relatively steady at 18.5%. **Exhibit 10** shows the number of enrollments by type of program.

Exhibit 10
Enrollments in Correctional Education by Program Type



Source: Education Coordinating Council for Correctional Institutions

Academic enrollments made up the majority of the participation in the correctional education program, accounting for 73% of total enrollments in fiscal 2002 and 71% in 2006, and averaging 69% of total enrollments between fiscal 2003 and 2005. The average GED passing rate between fiscal 2002 and 2006 is 62.5%. Occupational enrollments and enrollment in advanced education courses each account for between 12% and 16% of total enrollment in any given year. The drop-out rates are very low, averaging 1.5%, while the attendance rates are high, with an average of 96%. These low drop-out rates and high attendance rates are due to the fact that education within the correction system is mandatory and thus, inmates have little to no choice as to whether they will receive the services.

Issues

Potential Loss of Federal Funding

Given all of the different educational and vocational services that MSDE currently provides, concern exists that DLLR may not be the most appropriate State agency to be overseeing the correctional education program. Movement of correctional education services to DLLR has the potential to impact the amount of federal funding available for correctional education. It would require revision of State plans for education and submission of separate grant applications by both DLLR and MSDE. According to MSDE, it is unknown at this time if eligibility would continue, as Maryland would be the only state where a Department of Labor has oversight of a correctional education program. In addition, MSDE currently receives federal funding for special education and for juvenile offenders, which are used to support the correctional education program. It is unclear

how these funds might be allocated and whether services would be impacted if adult correctional education were to be moved from MSDE and split with the juvenile offender education program.

MSDE Academic Role More Important

While employability and job connections in the community upon release are important tools for reducing offender recidivism, ensuring a proper level of education is equally important. The average inmate entering DOC has an education level equivalent to the seventh grade. As such, the majority of the services MSDE provides must reach well beyond workforce preparedness and occupational training. The agency is responsible for curriculum development, starting with provision of basic education services (i.e. skills in reading, writing, mathematics). MSDE teachers also prepare inmates for a Maryland high school diploma by examination and coordinate partnerships with area colleges to provide post secondary education programs. Instruction for inmates needing special education services is provided in correctional institutions of all security levels and is an important component of the Division of Pretrial and Detention Services' plan to achieve compliance with the U.S. Department of Justice. If DLLR were to take over the correctional education program with the intent of expanding workforce development, it is unclear how that might impact the success MSDE has had in increasing literacy and academic education levels. It is also unclear how offenders with special education needs might be impacted.

DLLR Is Currently Involved

Under the current system, DLLR is already involved in oversight of the occupational training, as its Assistant Secretary for Workforce Development is currently a member of MCE's Management Council. DOC already provides links to employment in the community through the Prison Industries Enhancement program, where private businesses operate within the prison facility, paying offenders prevailing wages, and often providing employment once the offender is released. Additionally, transition coordinator positions within DOC already provide inmates with reentry services and links to community programs and services to help find employment, support groups, treatment, etc. It is unclear at this time why or how movement of an already established education program would be more effectively operated under DLLR supervision than MSDE. A better option might be to have DOC examine options for expanding the number of inmates participating in the current education programs and MCE training, in addition to providing additional focus on workforce development by having a DLLR representative on the Education Coordinating Council for Correctional Institutions.

DOC should be prepared to comment on how it anticipates basic and special academic operations to be maintained under a DLLR workforce development program, and whether DOC operations would be impacted by movement of correctional education from MSDE to DLLR. The agency should also comment on how the potential loss of federal education funding might impact the ability to provide inmate education services.

The disadvantages of moving correctional education to DLLR appear to outweigh the advantages, and the committees should consider this information when addressing the proposed legislation. An increased role for DLLR in providing vocational education services, beyond its current role with MCE, might be a more effective option.

Recommended Actions

1. Adopt the following narrative:

Evaluation of the Reentry Enforcement Services Targeting Addition, Rehabilitation, and Treatment (RESTART) Program: The committees direct the Department of Public Safety and Correctional Services (DPSCS) to submit a report evaluating the impact of RESTART program on the offender population. The pilot sites for RESTART programming were first initiated in fiscal 2005, meaning accurate recidivism and program performance data should be available during fiscal 2009 for participating inmates. Some research suggests that the components implemented through RESTART may be beneficial to the inmate population, and understanding the impact of each program may be helpful as the department develops its new reentry program. The evaluation should include the programs offered through RESTART and the total number of inmate participants, in addition to providing graduation/completion rates. The report should also provide indicators of any impact the programming may have had on inmate behavior, including an assessment of assault rates for RESTART participants versus non-RESTART inmates. Finally, the report should analyze recidivism data for RESTART participants. The report shall be submitted to the committees no later than November 1, 2008.

Information Request	Author	Due Date
Evaluation of RESTART program	DPSCS	November 1, 2008

Updates

1. Maryland House of Correction

MHC was closed on March 17, 2007, due to the facility's antiquated design and safety concerns. In October 2007, the department submitted a 2007 *Joint Chairmen's Report* response providing details on how the closure has impacted the DOC, from both an operational and capital construction aspect.

A total of 986 inmates were transferred out of the institution. Most remained within DOC; however, 97 inmates were transferred to out-of-state facilities administered by the Federal Bureau of Prisons (FBP), Virginia, and Kentucky. The annual cost of housing the 37 inmates held in Virginia and Kentucky is approximately \$700,000. The total estimated cost for housing inmates out-of-state in fiscal 2008 is \$923,000. Originally, DPSCS entered into a trade agreement with the FBP to transfer 60 male inmates from MHC for 60 of the Bureau's female inmates who needed reentry services in the Baltimore/Washington area. The FBP sent fewer than 60 female inmates; therefore, the department is responsible for paying a per diem rate for a portion of the inmates sent to the FBP, as well. Costs for the remaining in-state inmates are absorbed through the transfer of operating funds from MHC to the other facilities' budgets in proportion to the number of inmates received. A total of 362 positions were reallocated throughout the department. Correctional officers formally employed at MHC were voluntarily transferred to other DOC institutions in the Jessup area or within a 50-mile distance. Transferring staff to other institutions has helped reduce vacancies, filling most positions at the Jessup institutions and reducing overtime costs.

Even though the facility is no longer housing inmates, operation of the hospital building, two MCE shops, and the Maintenance Unit is still necessary. These are now under the control of the Jessup Correctional Institution. Since parts of the compound are still in use, the Fire Marshal requires minimal utility heat and continual operation of the sprinkler system, as well. Annual operating cost associated with keeping these facilities open is approximately \$1.8 million. The impact on housing and managing inmates given the 1,200 bed loss includes:

- higher number of inmates on tiers and in programs, recreation, food services, and healthcare areas at each DOC facility;
- potential increase in disputes between inmates and staff due to larger population;
- limited ability to separate disruptive inmates; and
- increased workload on facility staff.

According to the report, future plans include the demolition of the MHC main building and development of a site for a new updated prison. Plans for the replacement facility are still in the early stages, and it is not clear whether the plan outlined in the current Facilities Master Plan reflects current population needs. DPSCS included a request for demolition design funds in its fiscal 2009 Capital Budget Plan; however, funds for this purpose were not included in the Governor's fiscal 2009 capital budget.

Division of Correction Programs

Institutions	Education		Substance Abuse Treatment			Social Work Groups	Transition Services	Psychology Groups	MCE	Volunteer/Community Programs
	Academic	Occupational	TC	ITP	ATP					
Maryland Correctional Training Center	•	•	•		•	•	•	•	•	•
Maryland Correctional Adjustment Center						•				
Jessup Correctional Institution	•					•	•		•	•
Maryland Correctional Institution – Hagerstown	•	•			•			•	•	•
Maryland Correctional Institution – Jessup	•	•			•	•		•	•	•
Brockbridge Correctional Facility					•					•
Baltimore Pre-Release Unit for Women					•	•			•	•
Central Laundry Facility			•		•					•
Baltimore City Correctional Center						•				
Jessup Pre-Release Unit							•		•	•
Herman L. Toulson Correctional Boot Camp	•				•	•	•			•

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Institutions	Education		Substance Abuse Treatment			Social Work Groups	Transition Services	Psychology Groups	MCE	Volunteer/Community Programs
	Academic	Occupational	TC	ITP	ATP					
Eastern Correctional Institution – Annex						•	•			•
Baltimore Pre-Release Unit						•	•			•
Eastern Pre-Release Unit							•			•
Southern Maryland Pre-Release Unit							•			•
Maryland Correctional Institution for Women	•	•	•		•	•	•	•	•	•
Maryland Reception, Diagnostic and Classification Center	•	•				•	•	•		
Metropolitan Transition Center	•	•		•		•	•			•
North Branch Correctional Institution	•					•				•
Poplar Hill Pre-Release Unit							•			•

ATP: Addictions Treatment Protocol
 ITP: Intensive Treatment Program
 MCE: Maryland Correctional Enterprises
 TC: Therapeutic Community

Current and Prior Year Budgets

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

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2007					
Legislative Appropriation	\$617,414	\$63,025	\$8,748	\$4,911	\$694,098
Deficiency Appropriation	39,674	0	0	0	39,674
Budget Amendments	18,148	1,700	1,165	410	21,423
Reversions and Cancellations	-911	-958	-1,307	-232	-3,408
Actual Expenditures	\$674,325	\$63,767	\$8,606	\$5,089	\$751,787
Fiscal 2008					
Legislative Appropriation	\$686,293	\$67,240	\$7,588	\$4,729	\$765,850
Cost Containment	-11,000	0	0	0	-11,000
Budget Amendments	-4,440	-500	3,000	0	-1,940
Working Appropriation	\$670,853	\$66,740	\$10,588	\$4,729	\$752,910

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

Fiscal 2007

General fund expenditures for fiscal 2007 totaled approximately \$674.3 million, which was an increase of \$56.9 million over the legislative appropriation.

- The division received an increase of \$39.7 million from eight deficiency appropriations in fiscal 2007. The majority of this increase was due to increased spending for the inmate medical contract, which required a deficiency appropriation totaling approximately \$18.7 million. Additional deficiency appropriations included \$7.6 million for fuel and utilities; \$6.4 million to purchase additional security equipment, supplies, and replacement vehicles; and \$7.0 million for additional overtime expenditures.
- Budget amendments account for a net increase of \$18.1 million. The cost-of-living adjustment (COLA), which was centrally budgeted in the Department of Budget and Management, added \$6.2 million to the appropriation. Approximately \$18.2 million was for correctional officer reclassifications and pay incentives resulting from the annual salary review, with an additional amendment for \$4.7 million allocated to accurately reflect expenditures for overtime costs. These increases were offset by an amendment realigning general funds throughout the department to meet actual expenditures, which reduced the appropriation by \$2.4 million, in addition to two other amendments transferring funds to MSDE for the correctional education program, which reduced the appropriation by approximately \$1.2 million. A net reduction of \$900,000 was due to a realignment of health insurance appropriations throughout the department due to closure of MHC. An additional reduction of \$6.5 million reflects the transfer of the Central Home Detention Unit (CHDU) to the Division of Parole and Probation (DPP) as part of the new Community Surveillance and Enforcement Program (CSEP). Although the program was officially transferred in fiscal 2008, funding was reduced in fiscal 2007 as well, to better reflect actual program expenditures.
- The division reverted approximately \$911,000 to the general fund, largely consisting of unspent funds for MHC for inmate medical care and security cameras which were not needed once the facility was closed.

Special fund spending for fiscal 2007 in the DOC was approximately \$63.8 million.

- Budget amendments increased the appropriation by a net \$1.7 million. A \$2.6 million net increase of Inmate Welfare Funds reflects realignment of funds throughout the department for the provision of commissary and inmate medical and legal services in accordance with actual expenditures. An additional \$600,000 increase is for the COLA and correctional officer reclassifications and salary adjustments. These increases were offset by the transfer of \$1.3 million from the division to MSDE for the provision of correctional education services. An additional reduction of \$191,000 reflects the transfer of fees collected through CHDU, which was transferred to the DPP as part of the new CSEP. Although the program was

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officially transferred in fiscal 2008, funding was reduced in fiscal 2007 as well, to better reflect actual program expenditures.

- The division cancelled approximately \$958,000, of which \$664,000 were Inmate Welfare Funds. The remaining cancellations were due to \$278,000 in unused appropriations for the MCE since expenditures were lower than estimated, and \$16,000 in unused appropriations from the Martin Healy Trust Fund.

Federal fund spending for fiscal 2007 was approximately \$8.6 million.

- Budget amendments increased the appropriation by approximately \$1.2 million. The increase reflects two grants from the U.S. Department of Justice to develop an Offender Reentry Program to complement the U.S. Department of Labor's reentry initiative, in addition to developing institutional and community corrections based offender reentry programs.
- The division cancelled approximately \$1.3 million in federal funds, with the majority, approximately \$723,000, due to under-attainment of revenue from the Federal Marshal for housing federal prisoners at the Maryland Correctional Adjustment Center. The additional \$584,000 cancellation was related to unused appropriations in the Serious and Violent Offender Reentry Program.

Reimbursable fund expenditures for fiscal 2007 totaled approximately \$5.1 million.

- Budget amendments increased the appropriation by approximately \$410,000, due to a delay in the transfer of laundry operations to MCE due to procurement issues. This required additional funds for the Central Laundry Facility and the Maryland Correctional Institution in Hagerstown to maintain current laundry operations until MCE was ready.
- The division cancelled approximately \$232,000 of reimbursable funds, largely due to unexpended grant funds and the under-attainment of revenue by inmate labor/work crews.

Fiscal 2008

The general fund working appropriation in the Division of Correction for fiscal 2008 is approximately \$670.9 million.

- This includes an \$11 million reduction due to cost containment actions taken by the Board of Public Works in July 2007. Approximately \$8 million of the total reduction was savings resulting from closing of MHC, and the other \$3 million was a reduction based on a related increase in federal funding due to a renegotiation of the per diem rate for housing federal offenders.

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- Budget amendments reduced the legislative appropriation by a net \$4.4 million. A \$6.9 million increase for the COLA was offset by \$6.3 million realignment transferring CHDU from DOC to DPP; \$1.4 million realignment of supplemental funding for inmate medical services; \$1.7 million realignment of excess funding from closing the MHC to other agencies based on placement of inmates and staff; \$1.2 million transferred to MSDE to supplement inmate educational services; and \$732,000 realignment of training funds budgeted in each institution to the Office of the Secretary for the newly created Professional Development and Training Division.

The special fund working appropriation decreases by approximately \$500,000 to reflect the transfer of home detention fees collected through the CHDU. CHDU was transferred to DPP as part of the new community corrections system.

The federal fund working appropriation increases by approximately \$3 million over the fiscal 2008 legislative appropriation. This reflects an increase in federal revenue resulting from a renegotiation of the per diem rate for housing federal offenders.

Audit Findings

Audit Period for Last Audit:	March 20, 2002 – January 31, 2006
Issue Date:	November 2006
Number of Findings:	10
Number of Repeat Findings:	6
% of Repeat Findings:	60 %
Rating: (if applicable)	n/a

Baltimore Region

- Finding 1:** The daily rate for holding federal prisoners was not renegotiated, resulting in uncovered costs of an estimated \$3.5 million.
- Finding 2:** **The region did not reconcile the aggregate of inmate account balances with the corresponding records of the Comptroller.**
- Finding 3:** The region had not established adequate procedures to account for inmate working funds nor had it taken adequate measures to ensure the propriety of inmate funds checks presented for payment.
- Finding 4:** **Adequate procedures were not established to investigate and resolve inmate accounts with negative balances.**
- Finding 5:** **Collections received on behalf of inmates were not adequately controlled.**
- Finding 6:** **Proper internal controls were not established over certain disbursement transactions.**
- Finding 7:** Proper internal controls were not established over the region’s payroll.
- Finding 8:** The region did not promptly cancel corporate purchasing card accounts for terminated employees and did not retain vendor documentation for certain purchases.
- Finding 9:** **Procedures and controls over materials and supplies inventory were inadequate.**
- Finding 10:** **Adequate control and accountability over equipment was not established.**

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

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

<u>Object/Fund</u>	<u>FY07 Actual</u>	<u>FY08 Working Appropriation</u>	<u>FY09 Allowance</u>	<u>FY08-FY09 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	7350.50	7437.50	7586.50	149.00	2.0%
02 Contractual	43.27	85.07	85.07	0	0%
Total Positions	7393.77	7522.57	7671.57	149.00	2.0%
Objects					
01 Salaries and Wages	\$ 464,309,230	\$ 459,011,020	\$ 516,172,228	\$ 57,161,208	12.5%
02 Technical and Spec. Fees	1,202,057	1,500,480	1,590,697	90,217	6.0%
03 Communication	2,030,349	2,020,507	2,097,094	76,587	3.8%
04 Travel	349,928	266,356	297,950	31,594	11.9%
06 Fuel and Utilities	38,759,367	43,327,041	45,088,319	1,761,278	4.1%
07 Motor Vehicles	4,881,257	3,266,765	3,771,632	504,867	15.5%
08 Contractual Services	124,312,616	137,963,176	148,180,573	10,217,397	7.4%
09 Supplies and Materials	64,939,896	56,856,317	65,330,459	8,474,142	14.9%
10 Equip. – Replacement	1,013,101	1,239,613	1,474,430	234,817	18.9%
11 Equip. – Additional	2,462,753	285,982	865,674	579,692	202.7%
12 Grants, Subsidies, and Contributions	43,504,912	44,766,176	44,316,025	-450,151	-1.0%
13 Fixed Charges	2,412,806	2,405,833	2,071,961	-333,872	-13.9%
14 Land and Structures	1,609,263	0	0	0	0.0%
Total Objects	\$ 751,787,535	\$ 752,909,266	\$ 831,257,042	\$ 78,347,776	10.4%
Funds					
01 General Fund	\$ 674,324,655	\$ 670,853,475	\$ 738,098,445	\$ 67,244,970	10.0%
03 Special Fund	63,766,591	66,739,662	77,781,912	11,042,250	16.5%
05 Federal Fund	8,606,548	10,587,500	10,591,988	4,488	0%
09 Reimbursable Fund	5,089,741	4,728,629	4,784,697	56,068	1.2%
Total Funds	\$ 751,787,535	\$ 752,909,266	\$ 831,257,042	\$ 78,347,776	10.4%

Note: The fiscal 2008 appropriation does not include deficiencies.

**Fiscal Summary
DPSCS – Division of Correction**

<u>Program/Unit</u>	<u>FY07 Actual</u>	<u>FY08 Wrk Approp</u>	<u>FY09 Allowance</u>	<u>Change</u>	<u>FY08-FY09 % Change</u>
01 General Administration	\$ 9,124,574	\$ 9,848,635	\$ 10,430,733	\$ 582,098	5.9%
02 Classification, Education and Religious Services	32,689,828	30,660,002	32,103,761	1,443,759	4.7%
03 Canine Operations	2,015,714	1,560,104	1,734,751	174,647	11.2%
01 Maryland House of Correction	35,895,627	0	0	0	0%
02 Maryland House of Correction Annex	48,780,205	57,846,442	62,510,474	4,664,032	8.1%
03 Maryland Correctional Institution – Jessup	34,582,242	34,181,571	38,126,445	3,944,874	11.5%
01 Metropolitan Transition Center	46,852,413	45,780,664	50,912,687	5,132,023	11.2%
03 Maryland Correctional Adjustment Center	21,026,304	20,692,585	22,564,271	1,871,686	9.0%
04 Maryland Reception, Diagnostic, and Classification	38,291,353	38,523,629	41,386,900	2,863,271	7.4%
05 Baltimore Pre-Release Unit	4,583,929	4,773,804	5,057,053	283,249	5.9%
07 Baltimore City Correctional Center	11,675,327	11,798,131	12,698,930	900,799	7.6%
01 Maryland Correctional Institution – Hagerstown	56,658,892	58,348,363	63,670,606	5,322,243	9.1%
02 Maryland Correctional Training Center	60,963,557	65,305,497	69,404,724	4,099,227	6.3%
03 Roxbury Correctional Institution	41,887,173	44,094,771	47,725,384	3,630,613	8.2%
01 Maryland Correctional Institution for Women	27,998,252	29,006,001	31,833,987	2,827,986	9.7%
02 Pre-Release Unit for Women	5,334,783	5,568,527	5,711,508	142,981	2.6%
01 General Administration	7,581,804	8,113,382	7,571,739	-541,643	-6.7%
02 Brockbridge Correctional Facility	17,112,097	16,767,557	18,768,898	2,001,341	11.9%
03 Jessup Pre-Release Unit	15,265,152	15,219,570	16,998,580	1,779,010	11.7%
05 Southern Maryland Pre-Release Unit	4,374,144	4,418,599	4,683,100	264,501	6.0%
06 Eastern Pre-Release Unit	4,642,705	4,504,032	4,983,139	479,107	10.6%
11 Central Laundry Facility	13,897,626	12,750,472	14,030,967	1,280,495	10.0%
12 Toulson Boot Camp	10,234,287	10,521,704	11,712,619	1,190,915	11.3%
01 Eastern Correctional Institution	86,067,784	91,480,181	98,529,701	7,049,520	7.7%
02 Poplar Hill Pre-Release Unit	4,302,297	4,392,426	4,742,450	350,024	8.0%
01 Western Correctional Institution	48,006,047	48,778,014	51,254,854	2,476,840	5.1%
02 North Branch Correctional Institution	14,788,332	30,629,058	44,935,214	14,306,156	46.7%
01 State Use Industries	47,155,087	47,345,545	57,173,567	9,828,022	20.8%
Total Expenditures	\$ 751,787,535	\$ 752,909,266	\$ 831,257,042	\$ 78,347,776	10.4%
General Fund	\$ 674,324,655	\$ 670,853,475	\$ 738,098,445	\$ 67,244,970	10.0%
Special Fund	63,766,591	66,739,662	77,781,912	11,042,250	16.5%
Federal Fund	8,606,548	10,587,500	10,591,988	4,488	0%
Total Appropriations	\$ 746,697,794	\$ 748,180,637	\$ 826,472,345	\$ 78,291,708	10.5%
Reimbursable Fund	\$ 5,089,741	\$ 4,728,629	\$ 4,784,697	\$ 56,068	1.2%
Total Funds	\$ 751,787,535	\$ 752,909,266	\$ 831,257,042	\$ 78,347,776	10.4%

Note: The fiscal 2008 appropriation does not include deficiencies.