

Q00A00
Office of the Secretary
Department of Public Safety and Corrections

Operating Budget Data

(\$ in Thousands)

	<u>FY 09</u> <u>Actual</u>	<u>FY 10</u> <u>Working</u>	<u>FY 11</u> <u>Allowance</u>	<u>FY 10-11</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$59,584	\$57,378	\$63,426	\$6,048	10.5%
Contingent & Back of Bill Reductions	0	0	-1,015	-1,015	
Adjusted General Fund	\$59,584	\$57,378	\$62,412	\$5,034	8.8%
Special Fund	63,828	73,094	63,479	-9,614	-13.2%
Contingent & Back of Bill Reductions	0	0	-79	-79	
Adjusted Special Fund	\$63,828	\$73,094	\$63,401	-\$9,693	-13.3%
Federal Fund	989	1,706	2,760	1,054	61.8%
Adjusted Federal Fund	\$989	\$1,706	\$2,760	\$1,054	61.8%
Reimbursable Fund	8,957	3,053	2,910	-143	-4.7%
Adjusted Reimbursable Fund	\$8,957	\$3,053	\$2,910	-\$143	-4.7%
Adjusted Grand Total	\$133,358	\$135,230	\$131,482	-\$3,749	-2.8%

Note: For purposes of illustration, the Department of Legislative Services has estimated the distribution of selected across-the-board reductions. The actual allocations are to be developed by the Administration.

- The fiscal 2011 allowance decreases by nearly \$3.7 million, or 2.8%. Significant reductions in special funds include the one-time fiscal 2010 transfer of funding from the Major Information Technology Development Fund for the Offender Case Management System and a reduction in 9-1-1 Trust Fund expenditures based on prior year actual expenses. This is offset by a net \$5.0 million increase in general funds, largely the result of increases in personnel and information technology related expenses. There is also an additional \$1.0 million in federal funding from a grant to support 9-1-1 service enhancements.

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

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Personnel Data

	<u>FY 09 Actual</u>	<u>FY 10 Working</u>	<u>FY 11 Allowance</u>	<u>FY 10-11 Change</u>
Regular Positions	543.50	526.50	526.50	0.00
Contractual FTEs	<u>74.52</u>	<u>106.88</u>	<u>106.63</u>	<u>-0.25</u>
Total Personnel	618.02	633.38	633.13	-0.25

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	24.80	4.71%
Positions and Percentage Vacant as of 12/31/09	57.00	10.83%

Analysis in Brief

Major Trends

Inmate Treatment Services: The Office of Treatment Services (OTS) struggled to meet its current Managing for Results performance targets in fiscal 2009. A total of nine inmates committed suicide while in departmental custody, which exceeded the nationally recommended standard of five suicides annually. OTS was slightly more successful in reducing the percentage of inmates who return to the Correctional Mental Health Center in Jessup within six months of their discharge. The percentage of returns dropped to 15% in fiscal 2010; however, this still exceeds the target of 14%. **The Department of Public Safety and Correctional Services (DPSCS) should comment on what steps it is taking to curb the number of suicides committed by inmates confined to DPSCS custody. The department should also address whether staffing issues have played a role in the inability to reduce the number of suicides.**

Issues

Inmate Medical Services Contracts: The fiscal 2011 allowance includes \$159.3 million for inmate medical services. It also represents the first year of new inmate medical contracts, for which the request for proposal was just released on January 26, 2010. The new proposed model of service delivery includes some changes, most notably the shift from a time and materials reimbursement model to a managed care model with an established capitated rate. **DPSCS and the Department of Budget and Management should explain the significant delays in the procurement preparation process and whether it is likely that new contracts will be in place by the start of fiscal 2011. Additionally, the department should discuss the likelihood of staying within the funding levels provided in the fiscal 2011 allowance.**

Audit of 9-1-1 Service Provider Remittances: The Emergency Number Systems Board completed an audit of 9-1-1 Service Provider Remittances in April 2009. Based on the results of the audit report, the amount of revenue owed to the State did not exceed the cost of the audit. One significant finding was that the State currently assesses its 9-1-1 surcharge fee on a per bill basis, as opposed to the majority of other states which assess the fee per line. If Maryland were to assess the fee on a per line basis, it would make for an easier audit process, in addition to providing increased funding for emergency service related projects at the State and local level. **The Department of Legislative Services recommends amending the Public Safety Article via the Budget Reconciliation and Financing Act of 2010 to assess the 9-1-1 surcharge fee on a per line basis, rather than per bill.**

Recommended Actions

	<u>Funds</u>	<u>Positions</u>
1. Delete one position (036330) which has been vacant for more than 24 months.	\$ 112,645	1.0
2. Delete one position (002664) which has been vacant for more than 36 months.	59,863	1.0
3. Delete funding for Public Safety Death Benefits program.	1,945,000	
4. Delete one position (036689) which has been vacant for more than 16 months.	44,554	1.0
5. Delete one position (057659) which has been vacant for more than 16 months.	50,476	1.0
Total Reductions	\$ 2,212,538	4.0

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Office of the Secretary
Department of Public Safety and Corrections

Operating Budget Analysis

Program Description

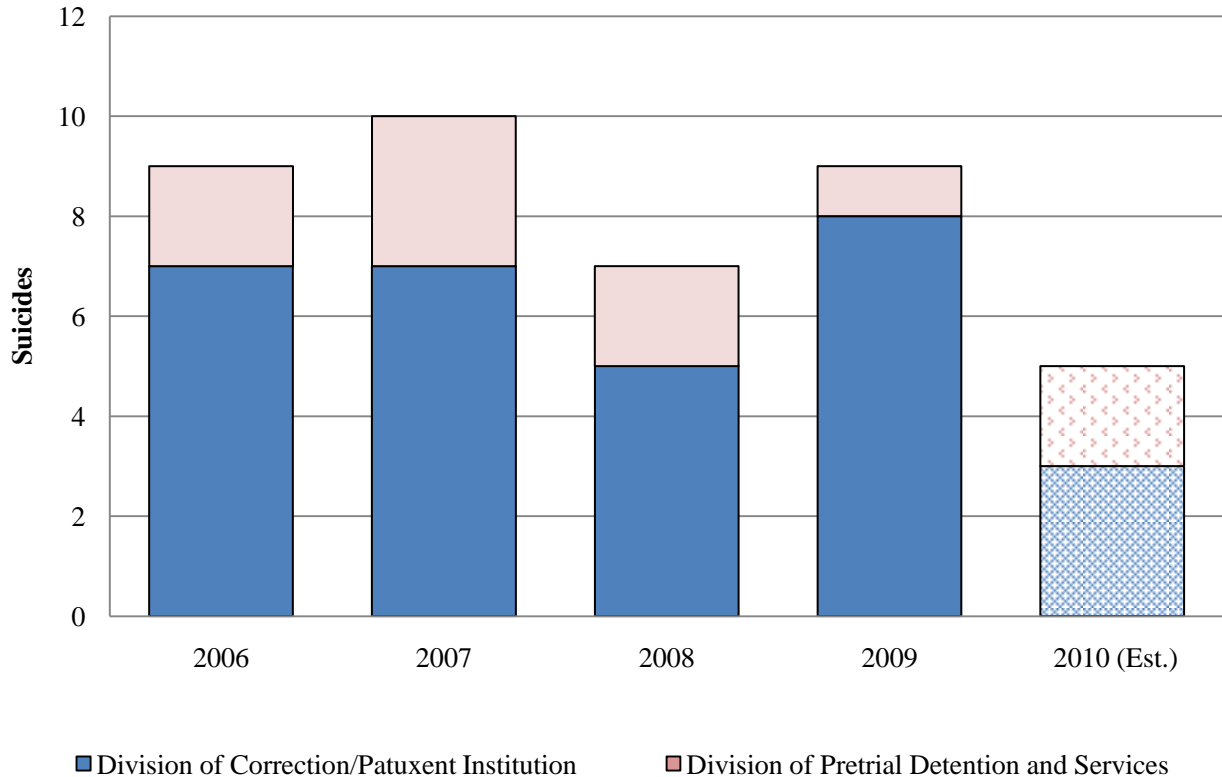
The Office of the Secretary (OOS) provides overall policy and operational direction and coordination for the activities of the operating units of the department. It establishes policy, sets priorities, and provides central support services and oversight for the constituent agencies. The office administers the State's emergency numbers program and plans, develops, and implements the capital program for the department's custody facilities. Additionally, it is responsible for maintaining the Criminal Justice Information System which State, local, and federal law enforcement rely on for accurate and timely information. The Office of Treatment Services (OTS) is responsible for the provision of treatment to offenders under the control and custody of the department. This includes oversight of all medical, mental, social work, and substance abuse treatment services, in addition to administration of the Patuxent Institution. The Professional Development Training Division, created in February 2006, is responsible for developing a highly trained and professional workforce within the department through the provision of cohesive training policies and programs, ranging from correctional entrance-level training through executive and leadership development.

Performance Analysis: Managing for Results

One goal for the OTS is to maintain proper offender well-being, which is to ensure that incarcerated offenders are confined in humane conditions and receive appropriate treatment services consistent with correctional health care and treatment practices and standards. To measure the department's progress in meeting its goal, OTS reports two Managing for Results (MFR) performance measures. The department did not meet either performance target in fiscal 2009.

Exhibit 1 shows the number of offenders confined within the Department of Public Safety and Correctional Services (DPSCS) facilities who commit suicide. A total of nine inmates committed suicide while in departmental custody, which exceeded the nationally recommended standard of five suicides annually. Eight of the nine suicides occurred within Division of Correction and Patuxent Institution facilities. In December 2007, DPSCS implemented an Inmate Observation Aide Program, which enlists inmates to assist in monitoring those inmates identified as potential self-harm risks. The program appears to have had little impact, as the number of suicides increased from seven in fiscal 2008 to nine in fiscal 2009. The total number of suicides has exceeded the national standard since fiscal 2006. **DPSCS should comment on what steps it is taking to curb the number of suicides committed by inmates confined to DPSCS custody. The department should also address whether staffing issues have played a role in the inability to reduce the number of suicides.**

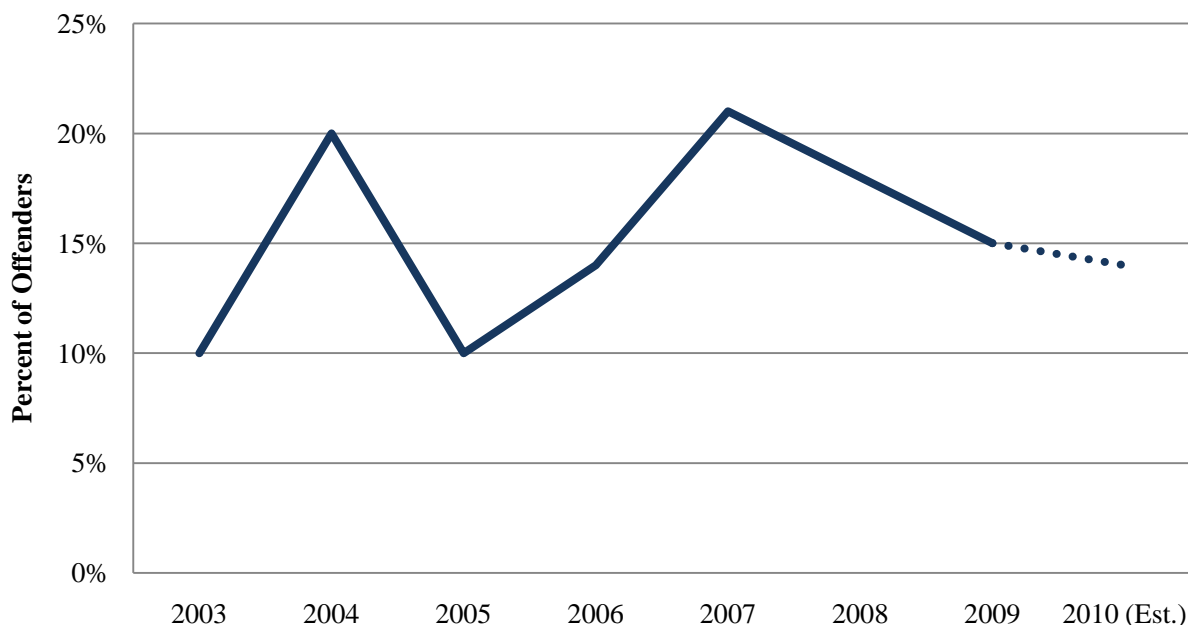
Exhibit 1
Offender Suicides in Department of Public Safety and
Correctional Services Facilities
Fiscal 2006-2010 (Estimated)



Source: Department of Public Safety and Correctional Services

OTS was slightly more successful in meeting the other measure of offender well-being. The goal is to reduce the percentage of inmates who return to the Correctional Mental Health Center (CMHC) in Jessup within six months of their placement among the general population of a DOC facility. As demonstrated in **Exhibit 2**, the percentage of returns dropped to 15% in fiscal 2010. This is the third consecutive year that the percentage of offenders returning to the CMHC has been reduced; however, this still exceeds the target of 14%.

Exhibit 2
Offenders Re-entering the Mental Health Unit within Six Months of Release
Fiscal 2003-2010 (Estimated)



Source: Department of Public Safety and Correctional Services

Fiscal 2010 Actions

Impact of Cost Containment

Fiscal 2010 cost containment actions have reduced operating expenses in the Office of the Secretary by approximately \$3.3 million in general funds. The majority of the reduction, approximately \$1.3 million, is the result of employee furloughs and across-the-board reductions to health insurance benefits and telecommunication services. Savings generated from the suspension of various information technology (IT) maintenance and equipment contracts accounted for an additional \$1.0 million. Nearly \$1.0 million in general funds was replaced with federal funding from the American Recovery and Reinvestment Act of 2009 (ARRA). This discretionary ARRA funding was originally allocated to higher education institutions. Employee furloughs also reduced the agency's special fund appropriation by approximately \$49,000.

In addition to the operating budget reductions, the department plans to revert approximately \$4.6 million at the end of fiscal 2010. Approximately \$2.5 million in State Reserve Fund special funds from fiscal 2006 is planned for reversion. The unexpended funding was part of the capital

project constructing the North Branch Correctional Institute, which is now fully operational, and, therefore, the funds were no longer needed. An additional reversion of \$2.1 million is planned from the Public Safety Death Benefit. The program had an accrual of \$4.2 million, based on the assumed liability of providing benefits for 39 deaths occurring prior to June 2007.

Federal Stimulus Funds

The Office of the Secretary received nearly \$1.3 million in federal fiscal stimulus funding provided through the ARRA of 2009. The funding was used to support salary costs in the General Administration Unit, Information Technology and Communication Division (ITCD), Internal Investigation Unit, and Division of Capital Construction and Facility Maintenance.

Proposed Budget

As shown in **Exhibit 3**, the Governor's fiscal 2011 allowance decreases by nearly \$3.7 million, or 2.8%. Absent a one-time fiscal 2010 transfer from the Major Information Technology Development Project (MITDP) Fund and the across-the-board reductions to personnel expenses, the agency's budget experiences growth of \$364,000, or 0.3%.

The fiscal 2011 budget reflects several across-the-board actions to be allocated by the Administration, largely relating to personnel costs. This includes a combination of employee furloughs and government shut-down days similar to the plan adopted in fiscal 2010; a reduction in overtime based on accident leave management; streamlining of State operations; hiring freeze and attrition savings; a change in the injured workers' settlement policy and administrative costs; and a savings in health insurance to reflect a balance in that account. For purposes of illustration, the Department of Legislative Services (DLS) has estimated the distribution of selected actions relating to employee furloughs, health insurance, and Injured Workers' Insurance Fund (IWIF) cost savings. These illustrated actions reduce the OOS allowance by nearly \$1.1 million.

The OOS fiscal 2011 allowance has a number of information technology related changes within the ITCD, resulting in a net reduction of \$3.8 million. The fiscal 2010 working appropriation includes the \$4.1 million one-time special fund transfer from the MITDP Fund to ITCD for the Offender Case Management System (OCMS). An additional \$1.5 million for this system is currently included in the MITDP Fund for fiscal 2011. In relation to the OCMS implementation, the allowance includes a \$938,000 reduction for IT-related maintenance costs for the Maryland Automated Fingerprint Identification System. Maintenance of this system is less necessary, as the department has already begun the phased implementation of the OCMS. Offsetting these reductions is \$800,000 in increased funding for maintenance and customization contracts for the Electronic Patient Health Records System. Since the system is now fully implemented in all facilities, ITCD has taken over monitoring of these contracts, which used to be included in the inmate medical expenses. An increase of \$500,000 is provided to purchase data processing replacement equipment. This restores a fiscal 2010 cost containment action taken by the Board of Public Works. An additional \$233,000 is included in the budget for contractual programming services vendor modifications. This increase is budgeted based on prior year actual expenditures. Finally, ITCD also receives an additional \$205,000 for a new contract to provide mainframe disaster recovery services for the department's IT systems.

Exhibit 3
Proposed Budget
DPSCS – Office of the Secretary
(\$ in Thousands)

How Much It Grows:	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Fund</u>	<u>Federal</u> <u>Fund</u>	<u>Reimb.</u> <u>Fund</u>	<u>Total</u>
2010 Working Appropriation	\$57,378	\$73,094	\$1,706	\$3,053	\$135,230
2011 Allowance	<u>63,426</u>	<u>63,479</u>	<u>2,760</u>	<u>2,910</u>	<u>132,575</u>
Amount Change	\$6,048	-\$9,614	\$1,054	-\$143	-\$2,655
Percent Change	10.5%	-13.2%	61.8%	-4.7%	-2.0%
Back of Bill Reduction	-\$1,015	-\$79	\$0	\$0	-\$1,093
Adjusted Change	\$5,034	-\$9,693	\$1,054	-\$143	-\$3,749
Adjusted Percent Change	8.8%	-13.3%	61.8%	-4.7%	-2.8%

Where It Goes:

Personnel Expenses

Increments and other compensation.....	-5
Employee and retiree health insurance.....	425
Employee Retirement System	727
Workers’ compensation premium assessment	42
Regular and contractual personnel turnover adjustments.....	980
Other fringe benefit adjustments	49
Section 18 Back of Bill reduction for employee furloughs.....	-930

Information Technology Related Changes

Reduction of maintenance costs for MAFIS equipment as department begins phased transfer to OCMS	-938
One-time transfer from the MITDP Fund in fiscal 2010 for OCMS.....	-4,112
ITCD takeover of Electronic Patient Health Records System contracts	800
Restoration of cost containment action for data processing equipment	500
Funding for vendor modifications to proprietary systems based on prior year actual expenditures	233
New contract providing mainframe disaster recovery services for DPSCS information technology systems	205

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Where It Goes:

Other Changes

Reduction in 9-1-1 fee remittances based on prior year actual expenditures	-3,394
Federal 9-1-1 grant	956
Personnel Management System	485
Payments to Office of Administrative Hearings based on recalculated rates.....	250
Other.....	-22
Total	-\$3,749

DPSCS: Department of Public Safety and Correctional Services
ITCD: Information Technology and Communication Division
MITDP: Major Information Technology Development Project
OCMS: Offender Case Management System

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

The fiscal 2011 allowance for the Emergency Number Systems Board (ENSB) is reduced by nearly \$3.4 million in comparison to the fiscal 2010 working appropriation. This reduction in 9-1-1 fee remittances is reflective of prior year actual collections and disbursements for enhancement projects on the State and local level. Although these fee remittances are reduced, ENSB receives a new federal grant for \$995,000, provided as part of the New and Emerging Technologies 911 Improvement Act of 2008. The grant funding is to be used specifically for the purchases of hardware and software for enhanced 9-1-1 and Internet Protocol (IP) enabled systems.

Approximately \$485,000 in general funds is included in the OOS allowance to help fund the Statewide Personnel Management System. The Budget Reconciliation and Financing Act of 2009 (Chapter 487) required the Department of Budget and Management (DBM) to create a funding mechanism to support the development, acquisition, and implementation of a new statewide human resources system. Agencies will be charged for the cost of the system over the course of fiscal 2011 through 2013. The costs charged to each agency are reflective of number of authorized positions as of June 30 of the second prior fiscal year.

The department's fiscal 2011 allowance includes a \$250,000 increase for payments to the Office of Administrative Hearings (OAH). The increase is reflective of changes made by OAH in determining how many DPSCS cases are heard and calculating the amount of time dedicated to DPSCS cases.

Impact of Cost Containment

Agency-specific cost containment actions that are ongoing for fiscal 2011 include a \$25,000 reduction in communication expenses and a \$118,000 reduction in relation to a statewide prohibition on in-state and out-of-state conferences and seminars. Back of the bill cost containment sections continue employee furloughs and reductions to health insurance. In addition to the cost containment

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measures implemented in fiscal 2010, the tuition reimbursement program within the Professional Development and Training Division was eliminated, a reduction of \$50,000 in general funds.

Federal Stimulus Funds

The fiscal 2011 allowance provides for level-funding for the agency's fiscal stimulus appropriation. The Office of the Secretary received nearly \$1.3 million in federal fiscal stimulus funding provided through the ARRA of 2009. The funding was used to support salary costs across the various units within the agency.

Issues

1. Inmate Medical Services Contracts

The fiscal 2011 allowance includes \$159.3 million for inmate medical services, the majority of which is general funds. The allowance reflects an increase of \$7.0 million over the fiscal 2010 working appropriation; however, once the \$5.4 million fiscal 2010 deficiency appropriation is accounted for, the allowance only reflects growth of \$1.6 million, or 1.0%. The estimate for the fiscal 2011 allowance is based on what is required in fiscal 2010 and historical expenditures under the current contracts. Fiscal 2010, however, is the final year of providing inmate medical services under these contracts. Notable changes are being sought by the department for the new contracts, and the request for proposal (RFP) has only been public since January 26, 2010. As such, it is likely that the current level of funding provided in the fiscal 2011 allowance will be inadequate.

Contract Changes

DPSCS is pursuing four separate inmate medical contracts, as opposed to the six contracts under the current model. They are as follows:

- Medical-utilization Management
- Dental
- Pharmacy
- Mental Health

According to the department, the level of service currently provided will be maintained under the new contracts, with the addition of six registered nurse positions specifically assigned to medical release planning. Based on the Governor's initiative to improve transition services, the new medical contract will provide one medical release planner in each service area. A recent internal audit of the Baltimore City Central Booking and Intake Center determined that procedures for providing medical release planning were only being complied with 80% of the time. DPSCS believes that continuity of care will be greatly improved with the addition of positions specifically assigned to:

- ensure that inmates are released with the proper 30-day supply of medication;
- complete the Continuity of Care form with instructions for treating medical conditions in the community; and
- connect released inmate with federally funded indigent care and community programs prior to release.

It is likely that these additional positions will increase the cost of the medical contract; however, the department believes the impact will be minimal.

As previously discussed, the Electronic Patient Health Records (EPHR) System, currently contracted through Correctional Medical Services, is now fully operational in all facilities. Going forward, the system only requires maintenance and customization to generate specific data reports when requested. As such, ITCO has taken over responsibility for the EPHR system, contracting directly with the software originator, NextGen. It is estimated that the contracts will cost \$1.3 million, although only \$800,000 has been provided for in the allowance.

The most significant change in the new contract model is the elimination of a separate contract for Utilization Management (UM). The UM contract will be combined with the medical services module, as the department moves from monthly reimbursements based on staffing, supplies, and equipment purchases to a managed care system providing monthly payments based on a capitated rate. Capitation is a fixed amount, to be determined via the competitive bid process, paid to the provider for each patient treated, regardless of the volume of services rendered. The agreed upon rate will stay the same unless there is a fluctuation of more than 400 inmates in one month.

The department believes that providing medical services under a managed care model has a number of benefits, including making the budget for inmate medical services more predictable. It will also provide more coordination between primary and secondary medical care since it will be managed under the same vendor. The new RFPs also include a minimal staffing requirement to ensure adequate availability of medical care.

Procurement Process

The proposed RFPs were submitted to DBM for approval on November 3, 2009. Based on the department's current timeline, the procurement process is estimated to require 107 days to complete. The original target date for approval of solicitation by DBM was January 19, 2010; the RFPs were released on January 26, 2010.

DPSCS and the Department of Budget and Management should comment on what has caused the significant delays in the procurement preparation process and whether it believes having new contracts in place and transfer of services to a new vendor by the start of fiscal 2011 is a realistic goal. Alternative options and cost estimates for providing inmate medical services in the event that procurement is not complete by the start of the fiscal year should also be addressed. Additionally, the department should discuss the likelihood of staying within the funding levels provided in the fiscal 2011 allowance and what efforts are being taken to operate cost effectively while still maintaining adequate inmate care.

2. Audit of 9-1-1 Service Provider Remittances

The fiscal 2009 budget for the Emergency Number Systems Board included \$600,000 in special funds to fund an audit to verify that all 9-1-1 Trust Fund fees collected by phone service carriers were remitted to the State. The final report was submitted to the budget committees in July 2009. Because service carriers were able to provide customer records electronically, the cost of the audit was significantly less than anticipated. The total cost was approximately \$186,000; however, the audit findings determined that outstanding remittances only totaled \$179,000. Given that the outstanding remittances did not even equal the total cost of the audit, funding has not been included in the fiscal 2011 allowance.

ENSB believes it is prudent to continue with the service carrier audit process in the future, but with several modifications. The agency believes it would be most efficient and cost-effective to perform a smaller number of random-sample audits based on an analysis of the carrier size and to extend the audit period from three to five years. In addition, electronic submission of data will be the preferred method of collection, as this reduces travel costs and time commitments for field work. ENSB believes \$100,000 will be an adequate appropriation to support future audits.

9-1-1 Fee Collection

Part of the reason for enlisting an outside auditing firm to review 9-1-1 remittances was because of the way Maryland assesses the 9-1-1 surcharge. Maryland currently assesses the 9-1-1 surcharge fee on a “per bill” basis. This means that a Maryland bill which has multiple lines appearing on it would only be charged one 9-1-1 fee. In most states, the 9-1-1 surcharge fee is assessed on a “per line” basis. Not only does this allow those states to charge multiple fees per bill, but it also allows those states to utilize public Federal Communications Commission (FCC) documents to identify the total number of subscribers and compare with what is being remitted locally to determine if there is any discrepancy. Assessing the fee on a per line basis generates additional revenue for both the State and local authorities. Additionally, utilizing the FCC reports means an audit or fiscal inquiry would only be required if a significant discrepancy was identified.

Assessing the 9-1-1 surcharge fee on a per line basis to landlines alone would generate additional revenue totaling approximately \$3.0 million for the State and \$8.9 million for the counties. Data was not immediately available regarding the number of wireless lines in the State, but the ENSB estimates that assessment of the fee per wireless line would generate similar revenues. According to federal legislation passed in fiscal 2008, eligible expenses for the 9-1-1 fees can include emergency services Internet Protocol networks, which are defined as engineered, managed networks which are intended to be multi-purpose, supporting Public Safety communications services, in addition to 9-1-1. Using this definition, the State would likely be able to use the additional 9-1-1 revenue to support projects such as the Public Safety Interoperability System. As such, **DLS recommends amending the Public Safety Article via the Budget Reconciliation and Financing Act of 2010 to assess the 9-1-1 surcharge fee on a per line basis, rather than per bill.**

Recommended Actions

	<u>Amount Reduction</u>		<u>Position Reduction</u>
1. Delete one deputy secretary position (036330) which has been vacant for more than 24 months. Statutorily, the department is authorized two deputy secretary positions. This position, historically utilized for overseeing correctional operations and special assignments as dictated by the Secretary, has been vacant since September 2007. During that same time period, the department has experienced significant reductions in contraband and assaults, while improving efficiency of operations. This action would require a corresponding statutory change in the Budget Reconciliation and Financing Act of 2010.	\$ 112,645	GF	1.0
2. Delete one deputy director position (002664) within the Legislative Liaison Unit. This position has been vacant since December 2006, more than 36 months.	59,863	GF	1.0
3. Delete funding for the Public Safety Death Benefits program. As of fiscal 2009, this program has accrued \$4.2 million. Even with the fiscal 2010 cost containment action to revert \$2.1 million, the program will still have accrued \$2.1 million, which is adequate to fund the average number of claims received each year.	1,945,000	GF	
4. Delete one executive assistant position (036689) within the Professional Development and Training Division. This position has been vacant since September 2008, more than 16 months.	44,554	GF	1.0
5. Delete one functional analyst position (057659) which has been vacant for more than 16 months. This position, responsible for developing distance learning programs, has been vacant since September 2008.	50,476	GF	1.0
Total General Fund Reductions	\$ 2,212,538		4.0

Current and Prior Year Budgets

Current and Prior Year Budgets
Office of the Secretary
(\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2009					
Legislative Appropriation	\$63,317	\$66,228	\$945	\$2,312	\$132,802
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	-571	308	376	8,986	9,099
Cost Containment	-3,120	-19	0	0	-3,139
Reversions and Cancellations	-42	-2,690	-331	-2,340	-5,403
Actual Expenditures	\$59,584	\$63,827	\$990	\$8,958	\$133,359
Fiscal 2010					
Legislative Appropriation	\$60,634	\$69,030	\$753	\$2,427	\$132,844
Cost Containment	-3,256	-49	0	0	-3,305
Budget Amendments	0	4,112	953	626	5,691
Working Appropriation	\$57,378	\$73,093	\$1,706	\$3,053	\$135,230

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

Fiscal 2009

General fund spending for fiscal 2009 was approximately \$59.6 million. This was a decrease of slightly more than \$3.7 million from the legislative appropriation.

- Budget amendments reduced the legislative appropriation by a net of \$571,000. The realignment of funds throughout the department in accordance with actual expenditures reduced the appropriation by approximately \$1.8 million. This was offset, however, by five budget amendments increasing the appropriation by a total of \$1.2 million. These amendments provided fiscal 2009 cost-of-living adjustment (COLA) increases, annual salary review increases for internal investigators, realigned funds from the Office of the Comptroller to reflect actual expenditures for using the Annapolis Data Center, and transferred funds and positions from the Division of Parole and Probation to the Professional Development and Training Division to consolidate employee training throughout the department.
- Cost containment actions further reduced the legislative appropriation by approximately \$3.1 million. Reductions to personnel expenditures account for the majority of the actions, approximately \$2.3 million. This includes across-the-board reductions for employee furloughs, health insurance, and contributions to Other Post Employment Benefits, in addition to the abolition of 21 vacant positions. Additional reductions to travel, telecommunication charges, and information technology maintenance contracts totaled \$800,000.
- The agency reverted approximately \$42,000 in general funds at the end of fiscal 2009 because funding for the Master Lease equipment program was over budgeted in ITCD. These funds are used to support the replacement of computers and other information technology equipment.

Special fund expenditures for fiscal 2009 totaled approximately \$63.8 million, a 3.6% reduction from the legislative appropriation.

- Special fund budget amendments totaled approximately \$308,000. This provided approximately \$113,000 for the fiscal 2009 COLA and \$194,000 to reflect additional special fund revenue largely generated by an increase in the number of criminal background checks conducted by the ITCD.
- Cost containment actions reduced personnel expenditures by \$19,000.
- Nearly \$2.7 million in special funds was cancelled by the Office of the Secretary at the end of fiscal 2009. The majority of the cancelled funds, approximately \$2.6 million, were the result of less than anticipated 9-1-1 fee revenue collection. An additional \$44,000 was cancelled within the Office of Treatment Services; and \$18,000 was cancelled due to less demand for court ordered attorney services for sentenced inmates.

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Fiscal 2009 federal fund spending totaled approximately \$990,000. Two budget amendments, totaling nearly \$376,000, increased the federal fund appropriation to provide a gun safe for the Internal Investigative Unit and to provide ITCD with funding to support information technology systems that provide access to national criminal record information. Approximately \$331,000 of the agency's federal fund appropriation was cancelled due to less than anticipated expenditures relating to the National Criminal History Improvement Program and Smart Fiscal 2008 Office Support for the Adam Walsh Act.

Reimbursable fund expenditures totaled nearly \$9.0 million, an increase of \$6.6 million over the legislative appropriation.

- One budget amendment for nearly \$9.0 million transferred funds from the Major IT Development Fund to ITCD for the new Offender Case Management System.
- The agency cancelled approximately \$2.3 million in reimbursable funding at the close of fiscal 2009. The majority of the cancelled funding, approximately \$2.2 million, was due to less than anticipated expenditures relating to the department's information technology projects, including the Offender Case Management System. An additional \$100,000 was cancelled due to lower demand from other State agencies for data processing services and for training services provided by the Professional Development and Training Division.

Fiscal 2010

The general fund working appropriation is approximately \$57.4 million, reflecting cost containment reductions totaling nearly \$3.3 million. Actions taken via the Board of Public Works include a \$1.2 million reduction for employee furloughs and across-the-board reductions to health insurance benefits and telecommunication services, as well as a \$1.0 million reduction generated from the suspension of various information technology maintenance and equipment contracts.

The special fund working appropriation is approximately \$73.1 million. Cost containment actions, specifically employee furloughs, reduced the legislative appropriation by nearly \$49,000. Special fund budget amendments totaled \$4.1 million. This reflects the transfer of funds from the Major Information Technology Development Fund in the Department of Information Technology for the Offender Case Management System.

The federal fund working appropriation for the Office of the Secretary is \$1.7 million, an increase of \$953,000. This reflects the appropriation of federal fiscal stabilization funding transferred from the University System of Maryland to the Department of Public Safety and Correctional Services in conjunction with a corresponding general fund reduction taken via the Board of Public Works cost containment actions in August 2009. DPSCS received nearly \$28.2 million in total.

The reimbursable fund working appropriation is nearly \$3.1 million. Two budget amendments increased the legislative appropriation by \$626,000. The amendments allocated grant funds available via the Governor's Office of Crime Control and Prevention to fund a crime intelligence analyst and a new server to support State and local criminal database systems.

Major Information Technology Projects

Department of Public Safety and Correctional Services Offender Case Management System

Project Description:	To develop a full-lifecycle case management system to manage offender information from the point of an offender's arrest and pre-trial, through incarceration and community supervision.							
Estimated Total Project Cost:	\$15,481,197				New/Ongoing Project:	Ongoing.		
Project Start Date:	January 2005			Projected Completion Date:	July 2012			
Schedule Status:	Implementation of the first component, the Booking module, was scheduled to begin in January 2010; however, the schedule has slipped by more than four weeks. The delays are the result of issues with the out-of-date legacy system. The Department of Public Safety and Correctional Services (DPSCS) believes the increased staff will help to address the scheduling issues. An added business analyst is working ahead on the next component to be implemented, the Pre-trial module. Modules are expected to be implemented in six month intervals, with the Booking module implementation expected to begin in mid-February 2010.							
Cost Status:	No known or anticipated changes to cost or funding schedule.							
Scope Status:	Although not necessarily a scope change, the interface of the system with the Federal Criminal History database and supporting documentation has been delayed until after the implementation of the Booking module.							
Project Management Oversight Status:	DPSCS has established a deputy project manager and added additional personnel to the testing team. The portfolio review meeting was held on February 26, 2009, and the Independent Verification and Validation (IV&V) assessment was initiated in March 2009.							
Identifiable Risks:	Oversight of the project's progress has been a potential concern since issuance of the RFP. After the project manager took a leave of absence, the Department of Information Technology (DoIT) urged the department to establish a deputy project manager, a business analyst, and additional members to the testing team. This has minimized the risk, but given the numerous steps and coordination required for implementation, strict oversight by DoIT is still necessary.							
Additional Comments:								
Fiscal Year Funding (000)	Prior Years	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	Balance to Complete	Total
Personnel Services	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Professional and Outside Services	12,646.0	1,585.0	600.0	650.0	0.0	0.0	0.0	15,481.0
Other Expenditures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Funding	\$12,646.0	\$1,585.0	\$600.0	\$650.0	\$0.0	\$0.0	\$0.0	\$15,481.0

**Object/Fund Difference Report
DPSCS – Office of the Secretary**

<u>Object/Fund</u>	<u>FY09 Actual</u>	<u>FY10 Working Appropriation</u>	<u>FY11 Allowance</u>	<u>FY10 - FY11 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	543.50	526.50	526.50	0	0%
02 Contractual	74.52	106.88	106.63	-0.25	-0.2%
Total Positions	618.02	633.38	633.13	-0.25	0%
Objects					
01 Salaries and Wages	\$ 37,990,851	\$ 38,367,421	\$ 40,303,985	\$ 1,936,564	5.0%
02 Technical and Spec. Fees	3,274,299	3,085,076	3,606,835	521,759	16.9%
03 Communication	2,103,370	2,729,990	2,581,524	-148,466	-5.4%
04 Travel	232,129	279,334	178,200	-101,134	-36.2%
06 Fuel and Utilities	64,462	79,144	58,600	-20,544	-26.0%
07 Motor Vehicles	223,953	292,734	370,813	78,079	26.7%
08 Contractual Services	23,540,463	21,062,978	19,082,853	-1,980,125	-9.4%
09 Supplies and Materials	488,533	739,000	521,150	-217,850	-29.5%
10 Equipment – Replacement	2,970,899	2,736,224	3,232,536	496,312	18.1%
11 Equipment – Additional	998,910	816,783	635,000	-181,783	-22.3%
12 Grants, Subsidies, and Contributions	58,805,373	63,460,290	60,080,971	-3,379,319	-5.3%
13 Fixed Charges	2,516,578	1,581,175	1,922,410	341,235	21.6%
14 Land and Structures	148,457	0	0	0	0.0%
Total Objects	\$ 133,358,277	\$ 135,230,149	\$ 132,574,877	-\$ 2,655,272	-2.0%
Funds					
01 General Fund	\$ 59,584,393	\$ 57,378,083	\$ 63,426,193	\$ 6,048,110	10.5%
03 Special Fund	63,827,615	73,093,516	63,479,250	-9,614,266	-13.2%
05 Federal Fund	989,070	1,705,726	2,759,554	1,053,828	61.8%
09 Reimbursable Fund	8,957,199	3,052,824	2,909,880	-142,944	-4.7%
Total Funds	\$ 133,358,277	\$ 135,230,149	\$ 132,574,877	-\$ 2,655,272	-2.0%

Note: The fiscal 2010 appropriation does not include deficiencies.

**Fiscal Summary
DPSCS – Office of the Secretary**

<u>Program/Unit</u>	<u>FY09 Actual</u>	<u>FY10 Wrk Approp</u>	<u>FY11 Allowance</u>	<u>Change</u>	<u>FY10 - FY11 % Change</u>
01 General Administration	\$ 21,888,893	\$ 21,004,149	\$ 23,793,131	\$ 2,788,982	13.3%
02 Information Technology and Communications Division	35,486,410	35,700,495	38,702,152	3,001,657	8.4%
03 Internal Investigative Unit	2,464,182	2,498,416	2,673,405	174,989	7.0%
04 9-1-1 Emergency Number Systems	56,905,377	61,656,967	58,263,909	-3,393,058	-5.5%
06 Div. of Cap. Construction and Facilities Maintenance	2,362,164	2,483,508	2,609,174	125,666	5.1%
07 Major Information Technology Development Projects	7,028,993	4,112,212	0	-4,112,212	-100.0%
08 Office of Treatment Services	4,157,320	4,552,912	4,741,792	188,880	4.1%
09 Professional Development and Training Division	3,064,938	3,221,490	1,791,314	-1,430,176	-44.4%
Total Expenditures	\$ 133,358,277	\$ 135,230,149	\$ 132,574,877	-\$ 2,655,272	-2.0%
General Fund	\$ 59,584,393	\$ 57,378,083	\$ 63,426,193	\$ 6,048,110	10.5%
Special Fund	63,827,615	73,093,516	63,479,250	-9,614,266	-13.2%
Federal Fund	989,070	1,705,726	2,759,554	1,053,828	61.8%
Total Appropriations	\$ 124,401,078	\$ 132,177,325	\$ 129,664,997	-\$ 2,512,328	-1.9%
Reimbursable Fund	\$ 8,957,199	\$ 3,052,824	\$ 2,909,880	-\$ 142,944	-4.7%
Total Funds	\$ 133,358,277	\$ 135,230,149	\$ 132,574,877	-\$ 2,655,272	-2.0%

Note: The fiscal 2010 appropriation does not include deficiencies.