

Q00B00
Division of Correction
Department of Public Safety and Correctional Services

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	\$706,768	\$642,279	\$659,707	\$17,428	2.7%
Contingent & Back of Bill Reductions	0	0	-9,780	-9,780	
Adjusted General Fund	\$706,768	\$642,279	\$649,927	\$7,648	1.2%
Special Fund	70,453	80,666	78,592	-2,074	-2.6%
Contingent & Back of Bill Reductions	0	0	-536	-536	
Adjusted Special Fund	\$70,453	\$80,666	\$78,056	-\$2,609	-3.2%
Federal Fund	14,757	50,858	51,042	184	0.4%
Adjusted Federal Fund	\$14,757	\$50,858	\$51,042	\$184	0.4%
Reimbursable Fund	3,719	4,009	3,767	-242	-6.0%
Adjusted Reimbursable Fund	\$3,719	\$4,009	\$3,767	-\$242	-6.0%
Adjusted Grand Total	\$795,697	\$777,812	\$782,792	\$4,980	0.6%

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 division's fiscal 2011 allowance increases by nearly \$5.0 million, or 0.6%, over the fiscal 2010 working appropriation. Personnel expenses increase by a net \$4.4 million, largely due to growth in employee retirement and health insurance. The division receives a nearly \$5.1 million increase for supply and material purchases and an additional \$900,000 to replace the obsolete computer system used by Maryland Correctional Enterprises. Significant reductions include a \$3.5 million decrease in fuel and utility costs and a \$1.1 million decrease for contractual food services.
- There are three fiscal 2010 deficiency appropriations providing a total of \$12.3 million in general funds to the Division of Correction (DOC). The deficiencies provide \$5.3 million for supply and material purchases, \$4.3 million for inmate medical care, and \$2.7 million for staffing costs. Once the deficiency appropriations are accounted for, fiscal 2011 growth in these areas is minimal. If accounting for the fiscal 2010 deficiency appropriations and fiscal 2011 Back of the Bill actions, the DOC allowance actually declines by \$7.3 million.

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

For further information contact: Rebecca J. Ruff

Phone: (410) 946-5530

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	7,500.50	7,265.60	7,265.60	0.00
Contractual FTEs	<u>59.28</u>	<u>88.66</u>	<u>87.66</u>	<u>-1.00</u>
Total Personnel	7,559.78	7,354.26	7,353.26	-1.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	304.43	4.19%
Positions and Percentage Vacant as of 12/31/09	226.50	3.12%

- The vacancy rate is 1.07 percentage points below budgeted turnover for fiscal 2011, meaning that as of December 2009, DOC had nearly 78 filled positions beyond what it will be able to fund in the allowance. The allowance did reduce the turnover rate from 5.57 to 4.19%.
- Implementation of a departmental policy to replace the use of contractual temporary office assistance with contractual full-time equivalent (FTE) positions has contributed to an increase in FTEs beginning in fiscal 2010. An analysis conducted by the department found the use of FTEs to be more cost-effective, and the increase in FTEs in fiscal 2010 did not require any additional funding.

Analysis in Brief

Major Trends

Performance Audit of Public Safety and Safer Neighborhoods Managing for Results Measures: DOC had two Managing for Results (MFR) measures included in a statewide audit of Public Safety and Safer Neighborhoods' MFR Performance Measures. The Office of Legislative Audits (OLA) reviewed fiscal 2006 data for the percentage of offenders returned to the department's supervision for a new offense within one year of release from DOC and fiscal 2007 data for the reported number of inmates who escaped and walked off DOC facilities. OLA was able to certify that the reported number of escapes and walk-offs was accurate. OLA discovered significant issues with the data and data collection methodology for the one-year return rates of DOC offenders. These issues made the accuracy of the measure indeterminable.

Facility Security and Inmate Well-being Audit Standards: The Maryland Commission on Correctional Standards (MCCS) audited 10 DOC facilities during fiscal 2009. Of the 10 audited facilities, only 1 fulfilled the agency's goal of meeting 100% of security and inmate well-being standards at the time of the initial MCCS audit. The division had 2 facilities, both in Baltimore City,

with overall compliance ratings below 75%. Five of the 10 audited facilities failed to meet 100% compliance of security standards, and 9 of the 10 failed to meet 100% compliance of inmate well-being standards. **DOC should comment on why the audited facilities struggled to achieve compliance and what corrective actions have been taken. The agency should note any facility that has not been able to achieve 100% compliance through the reaudit process and explain the reasons for continued noncompliance.**

Issues

Custodial Facility Staffing Requirements: The budget committees directed the Department of Public Safety and Correctional Services (DPSCS) to conduct a post-by-post security staffing analysis in order to accurately determine the number of positions needed to safely and securely staff the State's correctional facilities. DPSCS submitted an interim report, providing an analysis of 2 facilities in Baltimore City. The final report is due by August 2010. According to the report, 99 additional nonsupervisory positions are needed to adequately staff the 2 facilities. The number of additional positions needed to ideally staff the 2 facilities is 159 nonsupervisory positions and 5 supervisory positions. The estimated cost of adding these positions would be between \$5.2 and \$8.7 million. If the results of the Metropolitan Transition Center analysis were to be reflective of the other 27 facilities under review, the department could require, in nonsupervisory positions alone, an additional 522 to 713 additional positions, with an estimated cost between \$27.5 and \$34.8 million. Given the current fiscal condition of the State, it is unrealistic to increase staffing, even to the minimum level required, in order to address the current inmate population. The State should consider alternatives for reducing the prison population to fit within current staffing resources. **The Department of Legislative Services (DLS) recommends that the legislature consider alternatives for reducing the prison population to fit within current staffing resources. DLS recommends language directing DPSCS to examine options for reducing the inmate population significantly enough to result in at least 1 facility closure in order to have the ability to adequately staff facilities with the current staffing complement.**

Recommended Actions

1. Add language requiring the Department of Public Safety and Correctional Services to submit a report on options for reducing the prison population.

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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 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 and cell phone detection capabilities and to respond to institutional events at State facilities. An additional component of 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

Office of Legislative Audits Managing for Results Performance Audit

DOC had two Managing for Results (MFR) measures included in a statewide audit of Public Safety and Safer Neighborhoods' MFR Performance Measures. The audit was conducted by the Office of Legislative Audits (OLA) to determine the accuracy of data reported in the Maryland fiscal 2009 operating budget request. OLA reviewed fiscal 2006 data for the percentage of offenders returned to the department's supervision for a new offense within one year of release from DOC and fiscal 2007 data for the reported number of inmates who escaped and walked off DOC facilities. OLA was able to certify that the reported number of escapes (0) and walk-offs (123) in fiscal 2007 was accurate, although the agency could improve its quality control processes.

In its review of the one-year return rate of DOC offenders who commit a new offense, OLA encountered a number of issues with the data and data collection that made the accuracy or inaccuracy of measure indeterminable. Certain data, specifically female offenders released from the Baltimore City Detention Center, were excluded from the calculation of the measure, despite the department having the ability to track the measure for male offenders. Also, OLA found the methodology used to calculate the measure was not consistent with the measure description. Although the definition provides that offenders returned to supervision within one year be considered, DPSCS included offenders that had been returned to supervision up to one year and one month after release. Finally, the release dates were not always accurately recorded in the system used to obtain the measure data. For example, in OLA's test of 49 offenders, the release dates for 17 individuals did not agree with the related release documentation.

Facility Security and Inmate Well-being Audit Standards

The Maryland Commission on Correctional Standards (MCCS) audited ten DOC facilities during fiscal 2009. **Exhibit 1** provides the results of each facility’s audit. MCCS provides an overall compliance rating, in addition to separate ratings for:

- facility security standards;
- medical, dental, and mental health standards;
- food service standards; and
- housing and sanitation standards.

Exhibit 1 Facility Security and Inmate Well-being Audit Standards Fiscal 2009

	<u>Total</u>	<u>Security</u>	<u>Medical, Dental, Mental Health</u>	<u>Food Service</u>	<u>Housing and Sanitation</u>
Maryland Correctional Adjustment Center	89%	93%	85%	100%	78%
Western Correctional Institution	90%	93%	77%	100%	89%
Maryland Reception, Diagnostic, and Classification Center	67%	63%	69%	80%	56%
Eastern Correctional Institution	83%	100%	60%	70%	100%
Maryland Correctional Institution – Hagerstown	81%	100%	69%	100%	55%
Roxbury Correctional Institution	98%	100%	93%	100%	100%
Eastern Correctional Institution – Annex	96%	100%	93%	90%	100%
Jessup Prerelease Unit	80%	93%	93%	100%	33%
Metropolitan Transition Center	74%	94%	66%	80%	55%
Poplar Hill Prerelease Unit	100%	100%	100%	100%	100%

Source: Department of Public Safety and Correctional Services

Of the 10 audited facilities, only 1, the Poplar Hill Prerelease Unit in Quantico, fulfilled the agency’s goal of meeting 100% of security and inmate well-being standards at the time of the initial MCCS audit. The division had 2 facilities, both in Baltimore City, with overall compliance ratings

below 75%. Five of the 10 audited facilities failed to meet 100% compliance of security standards, with the Maryland Reception, Diagnostic, and Classification Center (MRDCC) having the worst security compliance rating, 63%. Similarly, 9 of 10 facilities failed at one or more of the inmate well-being standard categories. Food service standards appeared to be the most successful, with 6 of 10 facilities meeting 100% compliance, and no facility having less than 70% compliance. Compliance with housing and sanitation standards was the least successful, with 4 facilities rated below 60%. The Jessup Prerelease Unit only had 33% compliance. While the facility-by-facility rates of compliance for medical, dental, and mental health standards were higher than the housing and sanitation category, only 1 facility achieved 100% compliance. **DOC should comment on why the audited facilities struggled to achieve compliance and what corrective actions have been taken. The agency should note any facility that has not been able to achieve 100% compliance through the reaudit process and explain the reasons for continued noncompliance.**

Fiscal 2010 Actions

Proposed Deficiency

There are three fiscal 2010 deficiency appropriations providing a total of \$12.3 million in general funds to DOC. The deficiencies provide \$5.3 million for supply and material purchases, \$4.3 million for inmate medical care, and \$2.7 million for staffing costs.

Impact of Cost Containment

In total, DOC lost approximately \$35.1 million in general funds, \$705,000 in special funds, and 88 regular positions as a result of fiscal 2010 cost containment actions taken by the Board of Public Works.

- Employee furloughs, the elimination of correctional officer bonuses, and across-the-board reductions to health insurance, travel expenses, utilities, and new vehicle purchases account for 28.5%, or nearly \$10.0 million, in general funds and \$446,000 in special funds.
- An \$18.0 million transfer of federal fiscal stabilization funds, originally allocated to higher education institutions, resulted in a corresponding general fund reduction of the same amount.
- DOC implemented a policy change to reduce inmate recreational time twice a month. The change generated \$480,000 in general fund overtime savings.
- Facility closures generated savings of \$5.0 million in general funds and nearly \$259,000 in special funds, as well as accounting for the lost regular positions. Closed facilities included Dismas House East and the west wing at the Metropolitan Transition Center (MTC) in Baltimore City, and the Toulson Correctional Facility in Jessup. All eliminated positions

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were vacant; personnel employed at the closed facilities have been relocated to other institutions within the same region.

- The remaining \$1.6 million in reductions reflects the replacement of general funds with additional federal funds provided as reimbursement for housing federal inmates in State facilities and payments for housing illegal immigrants.

The fiscal 2010 facility closures generate ongoing savings in the fiscal 2011 budget of approximately \$10.6 million in general funds and \$400,000 in special funds.

The Budget Reconciliation and Financing Act of 2010 also includes a provision to transfer \$500,000 from the MCE fund balance to the general fund. This action leaves a cash balance of approximately \$2.5 million.

Federal Stimulus Fund

The division has received a total of \$35.4 million in federal American Recovery and Reinvestment Act of 2009 (ARRA) funding for fiscal 2010, which represents 71.2% of total ARRA funding received by the department. The majority of the funding, approximately \$26.8 million, has been used to support employee salaries. An additional \$5.3 million has been allocated to overtime spending, \$2.3 million for raw food purchases, and \$1.0 million for fuel and utility costs. An equal amount of ARRA funding is assumed in the fiscal 2011 allowance.

Proposed Budget

As shown in **Exhibit 2**, the Governor's fiscal 2011 allowance increases by nearly \$5.0 million, or 0.6%. The fiscal 2011 budget reflects several across-the-board actions to be allocated by the Administration. 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 cost savings. The estimated impact for DOC is a reduction of \$9.8 million in general funds and \$536,000 in special funds.

Personnel expenses increase by a net \$4.4 million. The majority of the growth is for employee retirement and health insurance. The annualized savings from the loss of 88 vacant positions as part of the closure of DOC facilities during fiscal 2010 cost containment results in a \$3.8 million decline in employee increments. Approximately \$21.8 million is included in the fiscal 2011 allowance for overtime expenses, a decrease of \$3.0 million from the fiscal 2010 working appropriation. Turnover expectancy also declines by a net \$1.6 million in the fiscal 2011 allowance; however, this is largely reflective of the Back of the Bill action to implement employee furloughs. The agency's turnover rate in the fiscal 2010 working appropriation is nearly 5.6%, requiring

**Exhibit 2
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>
2010 Working Appropriation	\$642,279	\$80,666	\$50,858	\$4,009	\$777,812
2011 Allowance	<u>659,707</u>	<u>78,592</u>	<u>51,042</u>	<u>3,767</u>	<u>793,108</u>
Amount Change	\$17,428	-\$2,074	\$184	-\$242	\$15,296
Percent Change	2.7%	-2.6%	0.4%	-6.0%	2.0%
 Contingent Reduction	 -\$9,780	 -\$536	 \$0	 \$0	 -\$10,316
Adjusted Change	\$7,648	-\$2,609	\$184	-\$242	\$4,980
Adjusted Percent Change	1.2%	-3.2%	0.4%	-6.0%	0.6%
 Where It Goes:					
Personnel Expenses					
Increments and other compensation					-\$3,821
Overtime earnings					-3,044
Workers' compensation premium assessment.....					-2,796
Regular and contractual employee turnover adjustments net of furlough savings.....					-1,602
Employee and retiree health insurance					7,311
Employee retirement system					8,281
Other fringe benefit adjustments					41
Other Changes					
Fuel and utilities					-3,509
Contractual food services					-1,053
Inmate welfare funds used for commissary purchases					-597
Local jail back-up					-200
Household, inmate, and food supplies.....					5,096
Maryland Correctional Enterprises computer upgrade.....					900
Other					-27
Total					\$4,980

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

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405 positions be left vacant. The fiscal 2011 budgeted turnover rate is approximately 4.2%, requiring the agency to maintain the equivalent of 304 vacancies over the course of the fiscal year. The current vacancy rate is 1.1 percentage points below fiscal 2011 budgeted turnover, meaning DOC has 78 filled positions beyond what it will be able to fund in the allowance. According to December 2009 StateStat data, the agency's fiscal 2010 overtime projection is \$18.5 million, approximately \$3.4 million below what is included in the fiscal 2011 allowance. **DOC should comment on how the agency has been able to reduce overtime expenses and whether the \$18.5 million projection made by StateStat is attainable. The agency should also comment on the likelihood of using budgeted overtime funding in fiscal 2010 and 2011 toward the difference in the budgeted turnover rate.**

Significant reductions include a \$3.5 million decrease for fuel and utility expenses, largely reflective of a reduction in electricity rates, and a \$1.1 million reduction in contractual food services resulting from the closure of facilities and the movement of inmates outside of the Baltimore region. There is also a nearly \$600,000 decline in the use of inmate welfare funds for commissary purchases based on prior year actual expenditures, and a \$200,000 reduction in local jail back-up payments related to changes made during the 2009 legislative session that altered the program from a reimbursement format to a fixed per-day grant program. Offsetting these reductions is a \$900,000 increase in special funds to provide an upgrade for the current computer system used by MCE. The upgrade is needed to handle growing demand and because the current system is obsolete. The agency also receives a nearly \$5.1 million increase for household, inmate, and food supply purchases. Given the provision of an additional \$5.3 million in the fiscal 2010 deficiency for this purpose, however, there is actually no growth in this area in the allowance.

Exhibit 3 demonstrates the true impact on the agency's budget, when adjusted for fiscal 2010 deficiencies and fiscal 2011 Back of the Bill actions. When comparing the adjusted fiscal 2010 appropriation to the adjusted fiscal 2011 allowance, the DOC budget experiences a decrease of \$7.3 million. Furthermore, when compared with actual spending required in fiscal 2009, the fiscal 2011 allowance is a reduction of \$12.9 million. Approximately \$5.1 million of the decrease from fiscal 2010 to 2011 can be attributed to the annualized savings generated by closing DOC facilities as part of cost containment. However, it is still probable that the fiscal 2011 allowance is underfunded, likely requiring deficiency appropriations next year.

Exhibit 3
Division of Correction Funding
Fiscal 2009-2011

	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Wrkg.</u> <u>Approp.</u>	<u>2010</u> <u>Deficiency</u> <u>Approp.</u>	<u>2010</u> <u>Adjusted</u>	<u>2011</u> <u>Allowance</u>	<u>Back of Bill</u> <u>Reductions</u>	<u>2011</u> <u>Adjusted</u>	<u>2010-2011</u> <u>Change</u>
General Funds	\$706,768	\$642,279	\$12,319	\$654,598	\$659,707	-\$9,780	\$649,927	-\$4,671
Special Funds	70,453	80,666		80,666	78,592	-536	78,056	-2,610
Federal Funds	14,757	50,858		50,858	51,042	0	51,042	184
Reimbursable Funds	3,719	4,009		4,009	3,767	0	3,767	-242
Total	\$795,697	\$777,812	\$12,319	\$790,131	\$793,108	-\$10,316	\$782,792	-\$7,339

Source: Department of Legislative Services

Issues

1. Custodial Facility Staffing Requirements

Language included in the fiscal 2010 Budget Bill (Ch. 484 of the Acts of 2009) required the Department of Public Safety and Correctional Services (DPSCS) to conduct a post-by-post security staffing analysis for each of its custodial agencies in order to identify the actual number of regular positions needed to safely and securely staff the State's correctional institutions. The department opted to include the correctional officers' union, American Federation of State, County, and Municipal Employees, in the review process. Training was provided by the National Institute of Corrections in October 2009. Analysis of each facility includes a review of the facility's mission, physical design characteristics, programs, inmate population, and standards. Each analysis is to identify the minimum and ideal number of posts and positions needed to staff the facility. The minimum number of positions is based on verification of the need for posts in the current staffing plan and any existing special assignment posts that should be converted to regular positions. The number of ideal positions includes staffing needed to address any new posts not in the current staffing plan.

DPSCS submitted an interim report, providing an analysis of 2 facilities in Baltimore City, MTC and the Baltimore Central Booking and Intake Center (BCBIC). A total of 29 facilities are to be included in the analysis. The schedule provided by the department indicated 4 correctional facilities were to be assessed in December and an additional 4 facilities in January. Approximately 3 facilities per month are scheduled to be analyzed between February and April, with the final 3 facilities completed by the end of June 2010. Once completed, DPSCS hopes to have the National Institute of Correction review the final analysis for independent verification and believes it will have a final report completed by August 1, 2010.

Preliminary Analysis

Exhibit 4 presents the findings of the interim staffing analysis for the first two facilities. The analysis at BCBIC determined that in order to adequately staff the facility, at a minimum, an additional 63 nonsupervisory positions and 5 supervisory positions would be needed. To adequately staff the ideal number of posts identified by the analysis, BCBIC would require an additional 98 nonsupervisory positions and 8 supervisory positions. This could require an additional \$3.7 million, if minimally staffed, or \$5.7 million, if ideally staffed.

The analysis at MTC determined that in order to adequately staff the facility, at a minimum, an additional 36 nonsupervisory positions would be needed, and the facility was operating with an excess of 5 supervisory positions. To adequately staff the ideal number of posts identified by the analysis, MTC would require an additional 61 nonsupervisory positions, and 3 supervisory positions could be deleted. This could require an additional \$1.5 million, if minimally staffed, or nearly \$3.0 million, if ideally staffed.

Exhibit 4
Post-by-post Staffing Analysis
Preliminary Results

	Authorized Positions	
	<u>BCBIC</u>	<u>MTC</u>
<i>Current Staffing Plan</i>		
Nonsupervisory	402	322
Supervisory	65	38
Total	467	360
<i>Minimal Staffing Required</i>		
Nonsupervisory	465	358
<i>% Growth</i>	<i>16%</i>	<i>11%</i>
Supervisory	70	33
<i>% Growth</i>	<i>8%</i>	<i>-13%</i>
Total	535	391
% Growth	15%	9%
<i>Ideal Staffing Recommended</i>		
Nonsupervisory	500	383
<i>% Growth</i>	<i>24%</i>	<i>19%</i>
Supervisory	73	35
<i>% Growth</i>	<i>12%</i>	<i>-8%</i>
Total	573	418
% Growth	23%	16%

BCBIC: Baltimore Central Booking and Intake Center

MTC: Metropolitan Transition Center

Source: Department of Public Safety and Correctional Services

Broader Impact

In the aggregate, the 2 facilities assessed in the interim report would require 99 additional nonsupervisory positions in order to achieve minimal staffing. The number of additional positions needed to ideally staff the 2 facilities is 159 nonsupervisory positions and 5 supervisory positions. The combined cost of adding these positions would be between \$5.2 and \$8.7 million. A post analysis can vary significantly from one facility to another; each facility has a slightly different mission and varying physical configurations. For illustrative purposes, however, if the information provided for MTC were to be reflective of the results for the other 27 facilities under review, in nonsupervisory positions alone, the department could require an additional 523 to 713 positions. This would incur an estimated cost between \$27.5 and \$34.8 million. Given that the report contains findings for less than 10% of the facilities to be included in the assessment, this estimate is very preliminary.

In its fiscal 2010 estimate, however, DLS identified a need for at least 815 additional positions, requiring at least an additional \$36.6 million.

Identifying Solutions

Given the current fiscal condition of the State, it is an unrealistic goal to increase staffing to the level necessary to meet the minimal requirement. Not addressing the department's staffing situation, however, can lead to issues with inmate management, poor staff morale, increased assaults, and increased overtime spending. A possible approach to address this issue would be to reduce the inmate population to fit within existing State resources, as opposed to increasing State resources to address the inmate population. A number of options exist for doing this. Many states, faced with similar situations in recent years, have altered diminution credits and parole systems in order to increase the number of offender released on parole. Under current Maryland statute, inmates can earn up to 20 days per month in diminution credits. Another option utilized by many states and localities is to impose a population cap on the State prison system. Under this option, a specific number would be identified that the inmate population cannot exceed. If the population were to exceed the identified cap, the Secretary of DPSCS would have the authority to release inmates based a variety of criteria. Depending on the criteria, this option would allow lower risk offenders to be released into the community early, without risk of releasing inmates with lengthy sentences or who are incarcerated for violent or sexual offenses.

DLS recommends that the legislature consider alternatives for reducing the prison population to fit within current staffing resources. DLS recommends language directing DPSCS to examine options for reducing the inmate population significantly enough to result in at least one facility closure in order to have the ability to adequately staff facilities with the current staffing complement.

Recommended Actions

1. Add the following language:

Provided that the Department of Public Safety and Correctional Services (DPSCS) shall submit a plan for reducing the State inmate population to the point where at least one facility could be closed and the current staffing complement would be at least minimally adequate enough to safely and securely staff the State's prison facilities. DPSCS should identify, at a minimum, two options for reducing the inmate population and provide examples of other states, if applicable, that have implemented those options. The department should propose specific steps and a timeline for implementing each option, any legislative changes that would be required, which facilities would be the most ideal for closure, and an estimate of cost savings generated from the closure. The report shall be submitted to the budget committees by October 1, 2010, and the budget committees shall have 45 days to review and comment following receipt of the plan.

Explanation: Based on preliminary data from a staffing analysis for 2 of 29 correctional facilities, the department could require an additional 500 to 700 non-supervisory positions to meet staffing needs based on the current inmate population and facilities in operation. Given the fiscal condition of the State, increasing the department's staffing complement to the necessary level for minimal staffing is unrealistic. Not addressing the staffing issues could lead to problems with inmate management, staff morale, increased assaults, and additional overtime expenses. An alternate approach is to reduce the inmate population to fit within the current staffing complement. This action directs DPSCS to explore at least two options, and provide an implementation plan and cost savings estimate, for reducing the inmate population to the point where current resources are adequate enough to safely and securely staff the State's prison facilities.

Information Request	Author	Due Date
Plan for Reducing the State Inmate Population	DPSCS	October 1, 2010

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 2009					
Legislative Appropriation	\$724,358	\$77,384	\$10,592	\$4,785	\$817,119
Deficiency Appropriation	12,179	0	0	0	12,179
Budget Amendments	5,215	93	4,585	508	10,401
Cost Containment	-34,978	-355	0	0	-35,333
Reversions and Cancellations	-5	-6,668	-420	-1,573	-8,666
Actual Expenditures	\$706,769	\$70,454	\$14,757	\$3,720	\$795,700
Fiscal 2010					
Legislative Appropriation	\$680,649	\$81,371	\$33,363	\$3,973	\$799,356
Cost Containment	-35,132	-705	0	0	-35,837
Budget Amendments	-3,238	0	17,495	36	14,293
Working Appropriation	\$642,279	\$80,666	\$50,858	\$4,009	\$777,812

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

Fiscal 2009

General fund expenditures for fiscal 2009 totaled approximately \$706.8 million. This was a decrease of \$17.6 million, or 2.4%, from the legislative appropriation.

- The division received four deficiency appropriations for nearly \$12.2 million. The majority, approximately \$6.0 million, was used to fund additional overtime expenditures. Approximately \$3.5 million was needed to cover higher than anticipated fuel and utility expenses. Increased inmate food costs required an additional \$2.5 million, and an additional \$115,000 was needed to cover the cost of expanding reentry services to include the provision of a birth certificate and State issued identification card to every inmate upon release into the community.
- Budget amendments increased the legislative appropriation by a net of \$5.2 million. The division received a \$6.8 million increase for the fiscal 2009 cost-of-living adjustment (COLA) and an additional \$2.0 million from the Department of Budget and Management for the purchase of fitted stab vests for correctional officers. This was offset, however, by a net \$3.6 million reduction due to the realignment of funds throughout the department in accordance with actual expenditures.
- Cost containment actions reduced the legislative appropriation by nearly \$35.0 million. The majority, approximately \$23.4 million, was personnel-related reductions to health insurance and Other Post Employment Benefit payments but also included employee furloughs and the abolition of 252 vacant positions. Reimbursements paid to local detention centers for housing inmates were reduced by \$6.0 million. A \$4.0 million general fund reduction was the result of an offsetting increase in additional federal fund revenue from increasing the amount of bed space dedicated to housing federal detainees at the Maryland Correctional Adjustment Center (MCAC) in Baltimore City. The agency generated approximately \$778,000 in savings from closing one cell block at MTC. The remaining savings were generated through energy performance savings, reducing out-of-state travel, and deferring the replacement of motor vehicles.

Special fund expenditures for fiscal 2009 totaled approximately \$70.5 million, a \$6.9 million reduction from the legislative appropriation.

- Special fund budget amendments totaled approximately \$93,000. The fiscal 2009 COLA provided an increase of \$268,000; however, this was slightly offset by a \$175,000 reduction to realign funds throughout the department in accordance with actual expenditures.
- Cost containment actions reduced personnel expenditures by \$355,000, largely as a result of across-the-board reductions to employee health insurance and employee furloughs.

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- Approximately \$6.7 million in special funds was cancelled by DOC at the end of fiscal 2009. The majority of the cancelled funds, approximately \$3.6 million, were the result of lower than anticipated sales and expenditures for MCE. An additional \$2.8 million was cancelled because of under attainment of inmate work release and welfare funds. Also, approximately \$322,000 was cancelled because there was less need to use inmate welfare funds to support the cost of inmate educational programs.

Fiscal 2009 federal fund spending totaled approximately \$14.8 million. Two budget amendments, totaling nearly \$4.6 million, increased the appropriation to reflect additional revenue available from increasing the number of beds dedicated to housing federal detainees at MCAC. An offsetting \$4.0 million general fund reduction was also taken as a part of fiscal 2009 cost containment actions. Approximately \$303,000 of the agency's federal fund appropriation was cancelled, however, largely due to less than anticipated expenditures for the Prisoner Reentry Initiative grant. An additional \$117,000 was cancelled as a result of under attainment in revenue collection from the U.S. Marshal Service for housing federal inmates at MCAC.

Reimbursable fund expenditures totaled \$3.7 million, a decrease of \$1.1 million from the legislative appropriation.

- Four budget amendments increased the appropriation by \$508,000. The agency received \$181,000 from the Governor's Office of Crime Control and Prevention to support the operation of the Gang Intelligence Unit. An additional \$206,000 was received from the Department of Health and Mental Hygiene (DHMH) to provide HIV test kits at the State's female correctional facilities. A total of \$121,000 was received from the Judiciary and the Department of Labor, Licensing, and Regulation to support programs that teach inmates a variety of skills.
- The division cancelled approximately \$1.6 million in reimbursable funds at the close of fiscal 2009. The majority of the cancelled funds, \$1.3 million, were the result of lower revenue collections from the State Highway Administration for inmate work crews. An additional \$205,000 was cancelled due to less than anticipated revenue from the DHMH AIDS Administration to support a specialized program for the female inmate population. The remaining funds were cancelled due to lower levels of spending for the Continuum of Care program and the division's Gang Intelligence Unit.

Fiscal 2010

The fiscal 2010 general fund working appropriation is approximately \$642.3 million, a reduction of nearly \$38.4 million from the legislative appropriation.

- Cost containment actions reduce the appropriation by \$35.1 million. Personnel actions, including employee furloughs and the elimination of correctional officer bonuses, generated \$9.5 million in savings. The closure of three facilities, and subsequent loss of 88 vacant

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positions, reduced the appropriation by \$5.0 million. A total of \$18.0 million was reduced as part of a fund swap replacing general funds with federal fiscal stimulus funds originally appropriated to Maryland higher education institutions. Approximately \$1.6 million in general funds was reduced to be replaced with federal funding awarded to the State for housing illegal immigrants and offenders under the jurisdiction of the U.S. Marshal's office. The remaining \$1.0 million was generated by reducing inmate recreational activity time and through a variety of across-the-board reductions.

- Budget amendments further reduce the appropriation by \$3.2 million. The majority of the reduction, approximately \$2.8 million, is related to the transfer of contractual prerelease services from the DOC Maryland Correctional Pre-release System to the Division of Parole and Probation (DPP). DPP's field operations unit is now responsible for the management of the contractual prerelease services, including Threshold, Dismas House, and the Community Adult Rehabilitation Centers in Montgomery and Cecil Counties.

The fiscal 2010 special fund working appropriation is \$80.7 million. The appropriation has been reduced by \$705,000 as a result of cost containment actions. Approximately \$446,000 of the reduction is related to employee furloughs. The remainder is associated with the closure of the Toulson Correctional Facility in Jessup.

The fiscal 2010 federal fund working appropriation increases by nearly \$17.5 million from the legislative appropriation, for a total appropriation of \$50.9 million. A total of \$18.0 million is appropriated via budget amendment as part of a cost containment fund swap replacing general funds with federal fiscal stimulus funds originally appropriated to Maryland higher education institutions. An additional \$995,000 in federal funding has been appropriated to the Eastern Correctional Institution for housing illegal immigrants in State facilities under the State Criminal Alien Assistance Program. These increases are offset by net reductions relating to the department wide realignment of federal ARRA funding provided in the fiscal 2010 supplemental budget.

The fiscal 2010 reimbursable fund working appropriation of \$4 million reflects a \$36,000 increase from the legislative appropriation. This additional funding was provided via budget amendment from the Judiciary, Mediation, and Conflict Resolution Office to support a conflict resolution training program for correctional officers and inmates.

Audit Findings

Audit Period for Last Audit:	December 20, 2005 – December 23, 2008
Issue Date:	June 2009
Number of Findings:	5
Number of Repeat Findings:	2
% of Repeat Findings:	40%
Rating: (if applicable)	

Maryland Correctional Prerelease System

- Finding 1:** Controls over cash receipts were inadequate and collections were not always deposited timely.
- Finding 2:** Supervisory personnel who approved time reports did not review all supporting documentation.
- Finding 3:** **Proper internal controls were not established over purchasing transactions.**
- Finding 4:** State procurement regulations were not always followed and a duplicate vendor payment was made.
- Finding 5:** **Procedures and controls over inventories at certain locations were inadequate.**

*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>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	7500.50	7265.60	7265.60	0	0%
02 Contractual	59.28	88.66	87.66	-1.00	-1.1%
Total Positions	7559.78	7354.26	7353.26	-1.00	0%
Objects					
01 Salaries and Wages	\$ 488,230,556	\$ 489,639,566	\$ 506,641,956	\$ 17,002,390	3.5%
02 Technical and Spec. Fees	2,157,090	1,410,401	1,626,659	216,258	15.3%
03 Communication	2,346,955	1,972,225	2,035,159	62,934	3.2%
04 Travel	297,675	307,926	174,100	-133,826	-43.5%
06 Fuel and Utilities	45,021,674	46,497,116	42,988,441	-3,508,675	-7.5%
07 Motor Vehicles	3,707,378	3,285,367	3,685,367	400,000	12.2%
08 Contractual Services	143,387,935	141,297,555	139,182,727	-2,114,828	-1.5%
09 Supplies and Materials	67,977,479	67,719,829	70,842,361	3,122,532	4.6%
10 Equipment – Replacement	734,192	1,691,224	1,868,818	177,594	10.5%
11 Equipment – Additional	1,859,951	724,889	1,585,018	860,129	118.7%
12 Grants, Subsidies, and Contributions	37,475,900	21,179,577	20,652,942	-526,635	-2.5%
13 Fixed Charges	2,159,140	2,085,891	1,824,158	-261,733	-12.5%
14 Land and Structures	341,261	0	0	0	0.0%
Total Objects	\$ 795,697,186	\$ 777,811,566	\$ 793,107,706	\$ 15,296,140	2.0%
Funds					
01 General Fund	\$ 706,768,229	\$ 642,278,573	\$ 659,707,035	\$ 17,428,462	2.7%
03 Special Fund	70,453,048	80,665,699	78,592,058	-2,073,641	-2.6%
05 Federal Fund	14,756,535	50,858,039	51,041,815	183,776	0.4%
09 Reimbursable Fund	3,719,374	4,009,255	3,766,798	-242,457	-6.0%
Total Funds	\$ 795,697,186	\$ 777,811,566	\$ 793,107,706	\$ 15,296,140	2.0%

Note: The fiscal 2010 appropriation does not include deficiencies.

**Fiscal Summary
DPSCS – Division of Correction**

<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	\$ 8,078,477	\$ 10,778,170	\$ 8,902,314	-\$ 1,875,856	-17.4%
02 Classification, Education ,and Religious Services	27,576,652	7,299,297	8,263,763	964,466	13.2%
03 Canine Operations	1,911,957	1,809,320	1,939,920	130,600	7.2%
02 Jessup Correctional Institution	61,561,560	60,496,751	63,511,866	3,015,115	5.0%
03 Maryland Correctional Institution – Jessup	38,145,994	38,095,200	39,064,805	969,605	2.5%
01 Metropolitan Transition Center	52,508,204	49,273,921	42,339,829	-6,934,092	-14.1%
03 Maryland Correctional Adjustment Center	23,370,443	21,489,261	25,011,148	3,521,887	16.4%
04 MD Reception, Diagnostic and Classification Center	39,585,631	42,153,484	43,567,897	1,414,413	3.4%
05 Baltimore Prerelease Unit	5,154,549	5,091,242	5,582,501	491,259	9.6%
07 Baltimore City Correctional Center	12,239,763	12,761,147	13,804,944	1,043,797	8.2%
01 Maryland Correctional Institution - Hagerstown	61,410,719	60,774,917	64,067,450	3,292,533	5.4%
02 Maryland Correctional Training Center	60,105,365	63,914,076	66,149,979	2,235,903	3.5%
03 Roxbury Correctional Institution	44,642,216	43,922,957	45,868,256	1,945,299	4.4%
01 Maryland Correctional Institution for Women	37,568,561	37,763,747	38,321,092	557,345	1.5%
01 General Administration	6,984,743	3,841,209	4,036,890	195,681	5.1%
02 Brockbridge Correctional Facility	19,524,461	19,900,671	22,331,738	2,431,067	12.2%
03 Jessup Prerelease Unit	16,991,937	17,214,774	17,555,811	341,037	2.0%
05 Southern Maryland Prerelease Unit	4,680,623	4,857,334	5,106,425	249,091	5.1%
06 Eastern Prerelease Unit	5,159,098	5,039,840	5,320,412	280,572	5.6%
11 Central Laundry Facility	14,689,969	14,464,561	14,937,032	472,471	3.3%
12 Toulson Boot Camp	10,923,632	9,088,189	0	-9,088,189	-100.0%
01 Eastern Correctional Institution	100,492,007	96,704,640	101,213,573	4,508,933	4.7%
01 Western Correctional Institution	50,873,930	50,053,064	50,739,491	686,427	1.4%
02 North Branch Correctional Institution	38,378,179	42,001,864	47,081,997	5,080,133	12.1%
01 Maryland Correctional Enterprises	53,138,516	59,021,930	58,388,573	-633,357	-1.1%
Total Expenditures	\$ 795,697,186	\$ 777,811,566	\$ 793,107,706	\$ 15,296,140	2.0%
General Fund	\$ 706,768,229	\$ 642,278,573	\$ 659,707,035	\$ 17,428,462	2.7%
Special Fund	70,453,048	80,665,699	78,592,058	-2,073,641	-2.6%
Federal Fund	14,756,535	50,858,039	51,041,815	183,776	0.4%

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Appendix 4

Total Appropriations	\$ 791,977,812	\$ 773,802,311	\$ 789,340,908	\$ 15,538,597	2.0%
Reimbursable Fund	\$ 3,719,374	\$ 4,009,255	\$ 3,766,798	-\$ 242,457	-6.0%
Total Funds	\$ 795,697,186	\$ 777,811,566	\$ 793,107,706	\$ 15,296,140	2.0%

Note: The fiscal 2010 appropriation does not include deficiencies.