

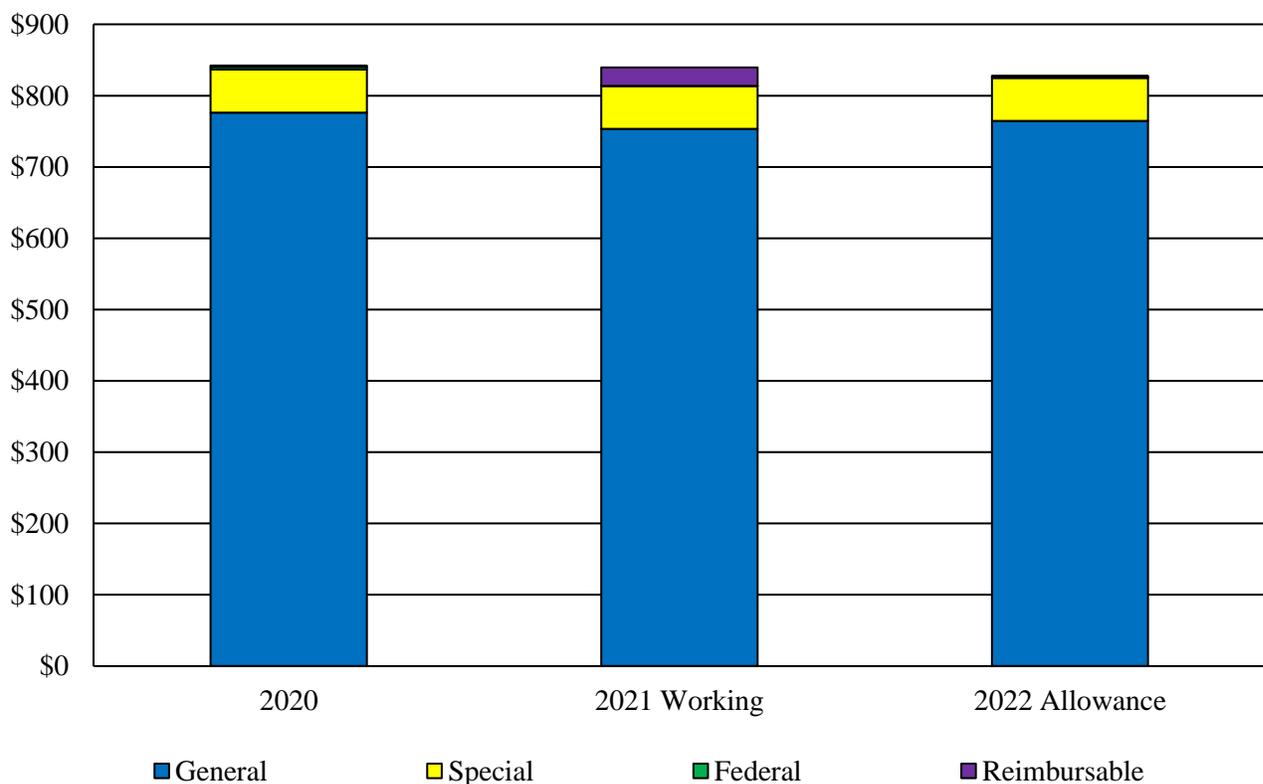
Q00B
Corrections
Department of Public Safety and Correctional Services

Executive Summary

Corrections is the primary charge of the Department of Public Safety and Correctional Services. This functional unit is comprised of the Division of Correction and the Patuxent Institution, which have a combined average daily population of approximately 18,300 offenders, and Maryland Correctional Enterprises (MCE), which is the prison industry arm of the department. These agencies are allowed 5,332 regular positions and receive approximately 54% of departmental resources in fiscal 2022.

Operating Budget Summary

Fiscal 2022 Budget Decreases \$11.5 Million, or 1.4%, to \$828 Million
(\$ in Millions)



Note: Fiscal 2021 includes deficiency appropriations, planned reversions, and general salary increases. Fiscal 2022 includes contingent reductions, annual salary review adjustments, and annualization of fiscal 2021 general salary increases.

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Q00B – DPSCS – Corrections

- Overtime decreases by \$10.4 million in fiscal 2022.
- Facility closures generate \$2.8 million in total savings at the Southern Maryland and Eastern Pre-Release Units.
- COVID-19 deficiency spending totals \$5 million in fiscal 2021.
- The Retention Longevity Pay Incentive program targets 922 retirement-eligible officers in its first two years.

Key Observations

- ***MCE Sales Decline 23%:*** Shop closures and market changes due to COVID-19 have reduced normal MCE sales by almost 23%, which could lead to estimated revenue shortfalls of \$12 million or more.
- ***Population Decline Accelerated during COVID-19:*** The sentenced inmate population declined 16 times faster than previous trends after the state of emergency was declared in March 2020.

Operating Budget Recommended Actions

1. Adopt committee narrative requesting a report on Maryland Correctional Enterprises staffing, programs, and sales.
2. Add budget bill language restricting funds for quarterly hiring and attrition reports.
3. Adopt committee narrative requesting a report on prerelease opportunities.

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Operating Budget Analysis

Program Description

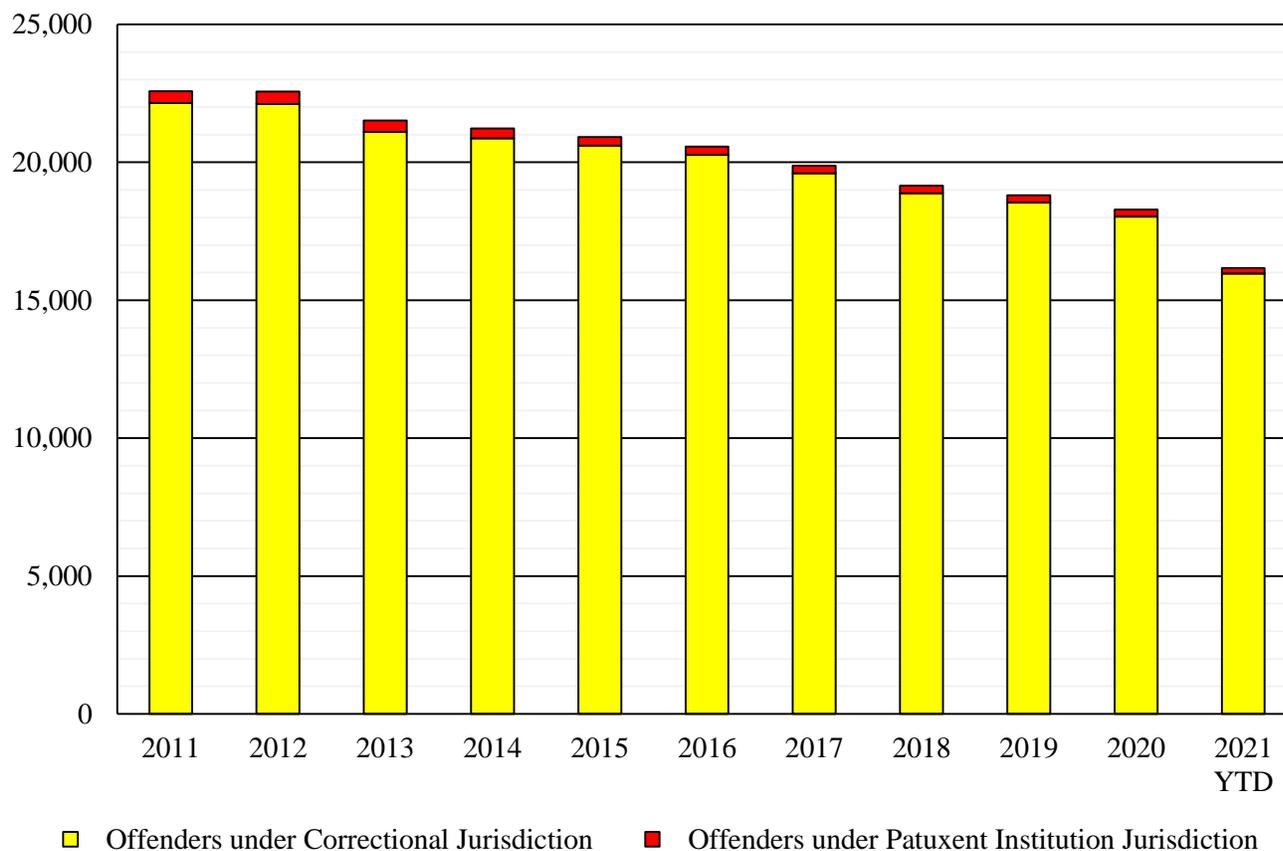
This analysis examines the Department of Public Safety and Correctional Services (DPSCS) Corrections function, which includes the operations of State correctional facilities under the Division of Correction (DOC) and the Patuxent Institution (PATX) as well as Maryland Correctional Enterprises (MCE). DOC operates 15 correctional facilities, including 2 prerelease units and the Maryland Correctional Institution for Women (MCI-W). The Corrections function, in accordance with applicable State and federal law, works to protect the public, its employees, and offenders under its supervision. The function also works to return offenders to society with the necessary tools for success by offering job skill improvement, educational programming, mental health therapy, and drug treatment.

Performance Analysis: Managing for Results

1. Inmate Populations Decline Before and After COVID-19

In fiscal 2020, offender populations under DPSCS correctional custody continued the decade-long trend of decline. From fiscal 2019 to fiscal 2020, the inmate population under correctional or Patuxent jurisdiction declined from 18,803 to 18,281, a 2.8% decrease. **Exhibit 1** shows that the average daily population (ADP) of sentenced offenders in DPSCS custody declined by 19% since fiscal 2011. It should be noted that Exhibit 1 shows the ADP of all State-sentenced offenders rather than the ADP of DOC facilities only. In fiscal 2020, an average of 470 sentenced offenders were kept each day at the Central Home Detention Unit, State hospitals, transitional housing, or in the custody of other jurisdictions. An average of 864 sentenced offenders were kept in Division of Pretrial Detention and Services (DPDS) facilities, while 453 pretrial offenders were kept in DOC facilities on average each day.

Exhibit 1
Average Daily Population under Correctional Jurisdiction
Fiscal 2011-2021 Year-to-date



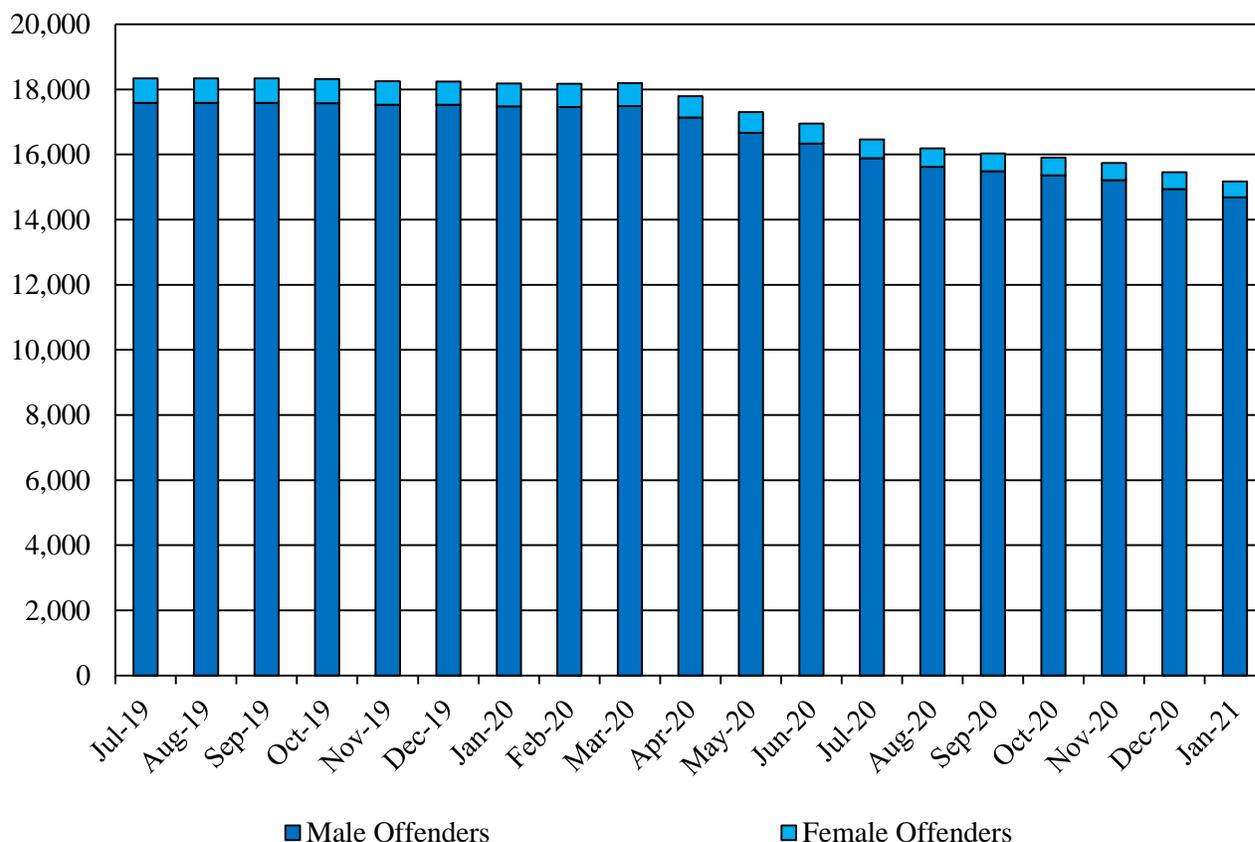
YTD: year to date

Source: Department of Public Safety and Correctional Services

COVID-19 Accelerated the Inmate Population Decline

While the sentenced offender ADP declined at a slow rate over the course of fiscal 2020, the COVID-19 pandemic caused correctional intakes to slow to a stop due to the closure of courts. DPSCS also took action to release as many offenders under correctional custody as possible, increasing discretionary releases and diversion to home detention. Sentenced offenders in Corrections have left the department 16 times faster after the COVID-19 emergency declaration in March compared to the prior period in fiscal 2020. In each month from July 2019 to March 2020, DOC saw an average net decrease of 18 offenders. In each month from April 2020 to present, DOC saw an average net decrease of 304 offenders, reaching a total ADP of 15,358 in January 2021 as shown in **Exhibit 2**.

Exhibit 2
COVID-19 Population Changes – Corrections
Fiscal 2020-2021 Year-to-date

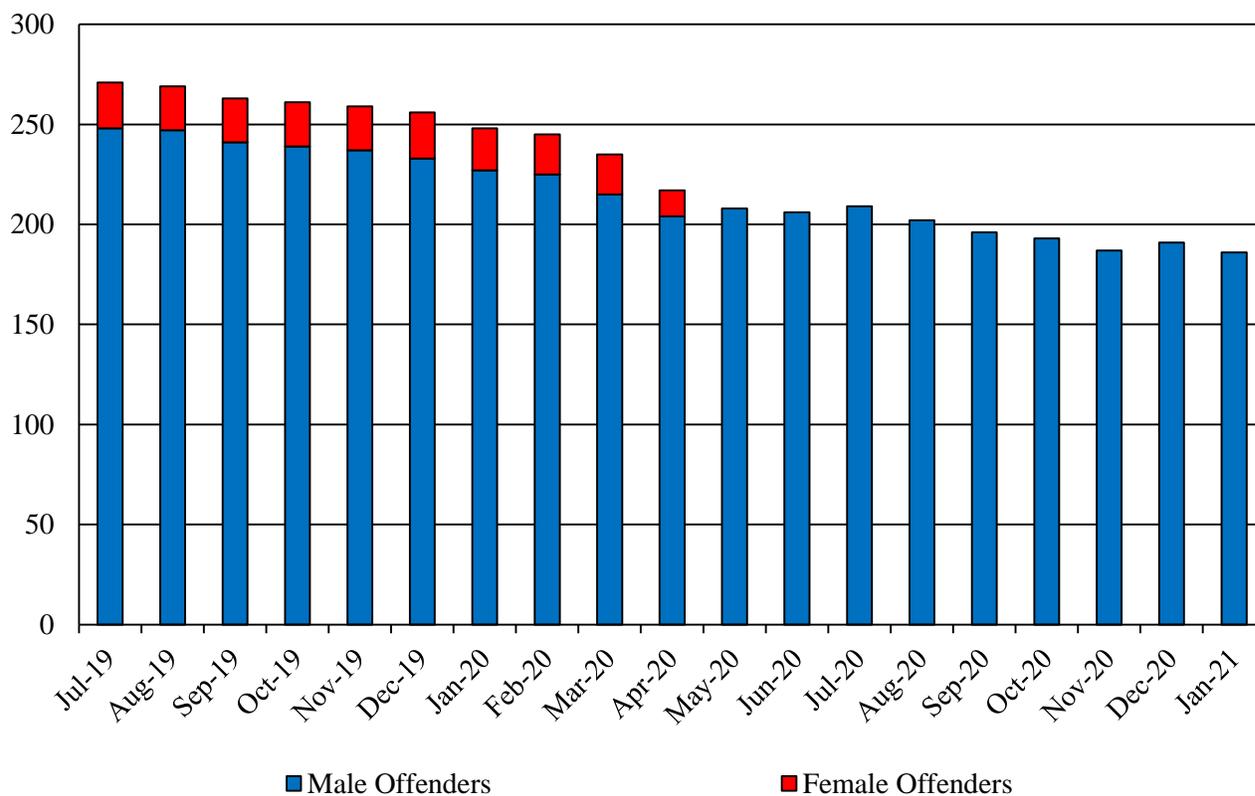


Note: Population shown includes all State-sentenced inmates, excluding those sentenced to the Patuxent Institution

Source: Department of Public Safety and Correctional Services

Exhibit 3 shows that PATX populations also changed due to COVID-19. All female inmates in PATX were transferred or released in April, and that unit has not reopened as of January 2021. The male population at PATX was on a steady decline until April, when the population remained stable until resuming a decline in August. The largest month-to-month decrease, from March to April, was the most noticeable change in Patuxent population trends. Other than closing the female unit, the pre- and post-COVID-19 trends in inmate populations are similar for PATX.

Exhibit 3
COVID-19 Population Changes – Patuxent
Fiscal 2020-2021 Year to Date



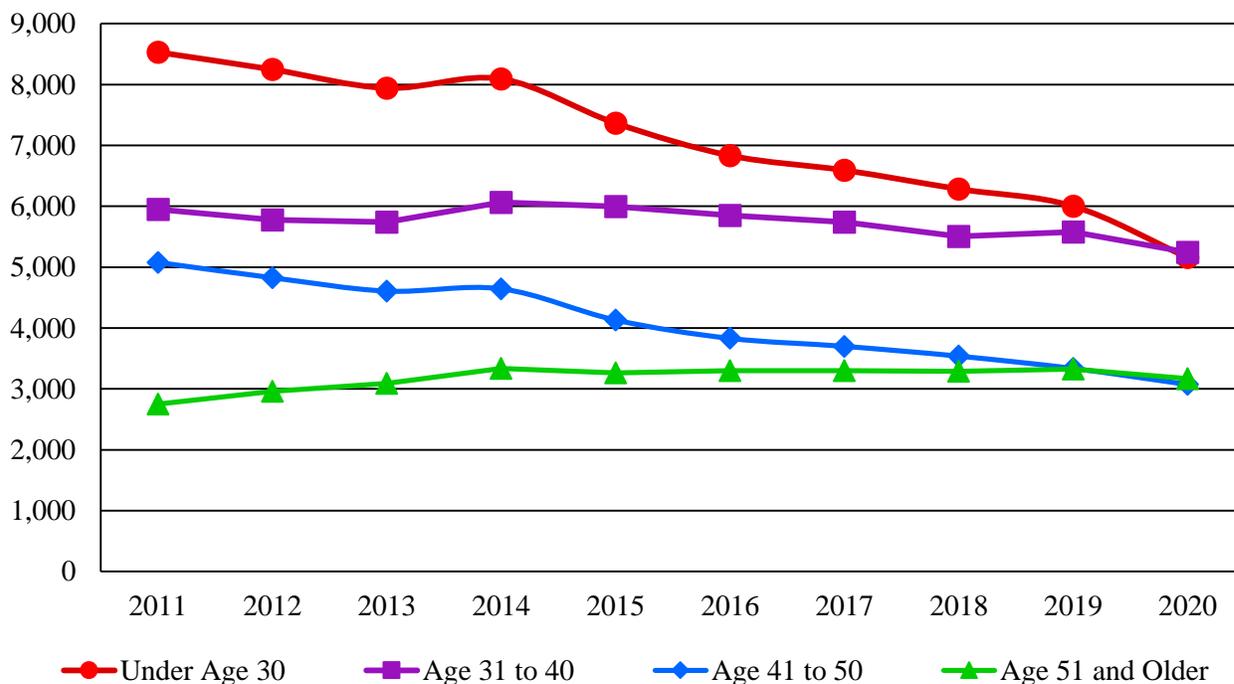
Note: Population shown is limited to the Patuxent Institution.

Source: Department of Public Safety and Correctional Services

2. Average Inmate Age Remains 38

Inmates within the Maryland State prison system are aging faster than young offenders are added, causing the average inmate age to increase over time. **Exhibit 4** shows inmate age group totals since fiscal 2011. While the under-30 age group made up 38% of the incarcerated population in fiscal 2011 with 8,531 inmates, it made up 31% in 2020 with just over 6,000 inmates. The current trends in these populations show significant progress in reducing incarcerated young people in recent years.

Exhibit 4
Inmate Population at Fiscal Year-end by Age Group
Fiscal 2011-2020

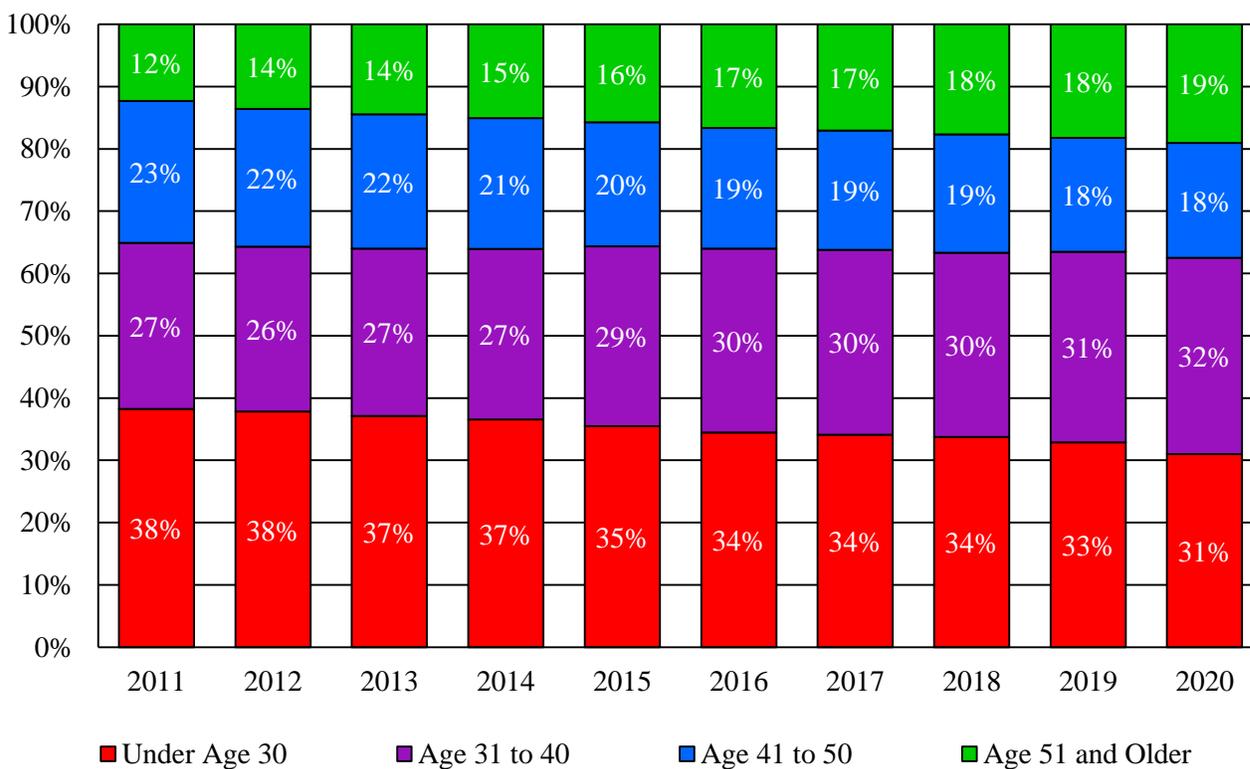


Note: Shows inmate population statistics at the end of each fiscal year as reported in Annual Inmate Characteristics Reports.

Source: Department of Public Safety and Correctional Services

Exhibit 5 shows inmate age distribution over the same period. The number of inmates age 51 and older has increased 15% since fiscal 2011, while the 41 to 50 age group has declined 39%. This is a point-in-time measure including all sentenced offenders in DPSCS custody at the end of the fiscal year. Jessup Correctional Institution currently has the highest average inmate age at 42.5 years, while the correctional facility with the lowest average inmate age is the Maryland Reception Diagnostic and Classification Center at 33.8 years.

**Exhibit 5
Inmate Age Distribution
Fiscal 2011-2020**



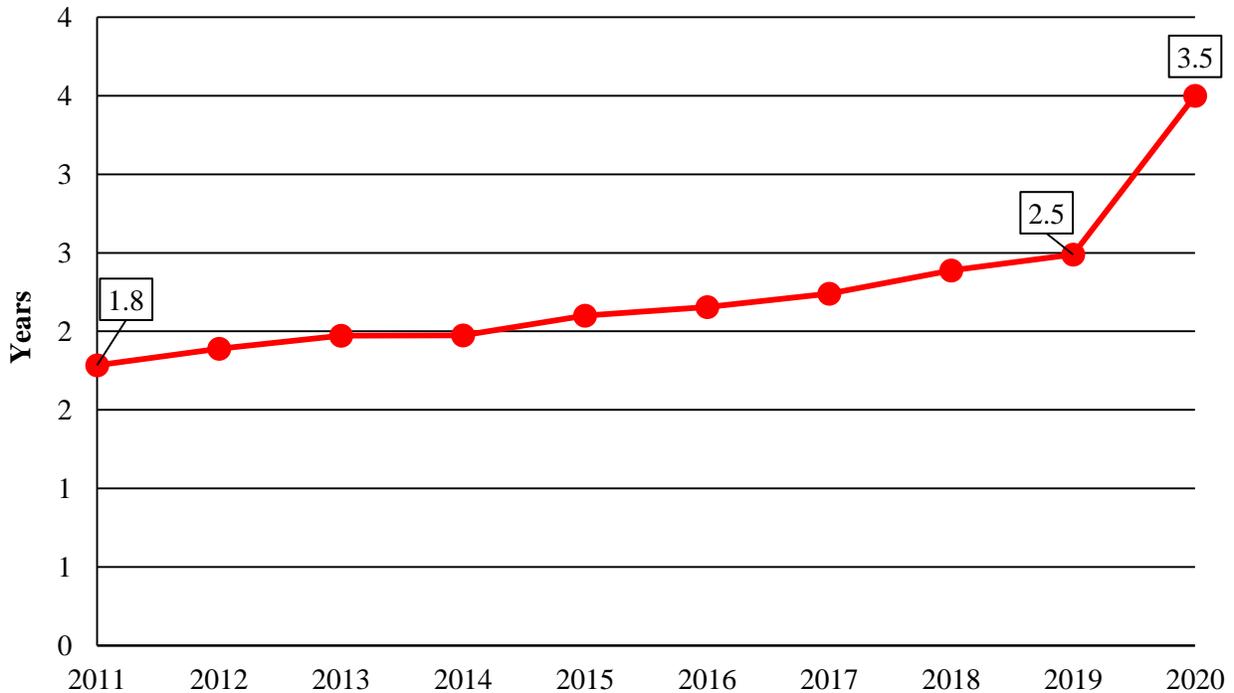
Note: Shows inmate population statistics at the end of each fiscal year as reported in Annual Inmate Characteristics Reports.

Source: Department of Public Safety and Correctional Services

3. Average Length of Stay Increased in Fiscal 2020

The average length of stay (ALOS) for inmates at DPSCS facilities was 1.8 years in fiscal 2011 but was 2.5 years in fiscal 2019 – a 39% increase in the time that it takes the average offender to be released. In fiscal 2020, however, ALOS went up substantially to 3.5 years due to COVID-19 court closures and decreased intakes to the Division of Correction. This 42% increase is displayed in Exhibit 6.

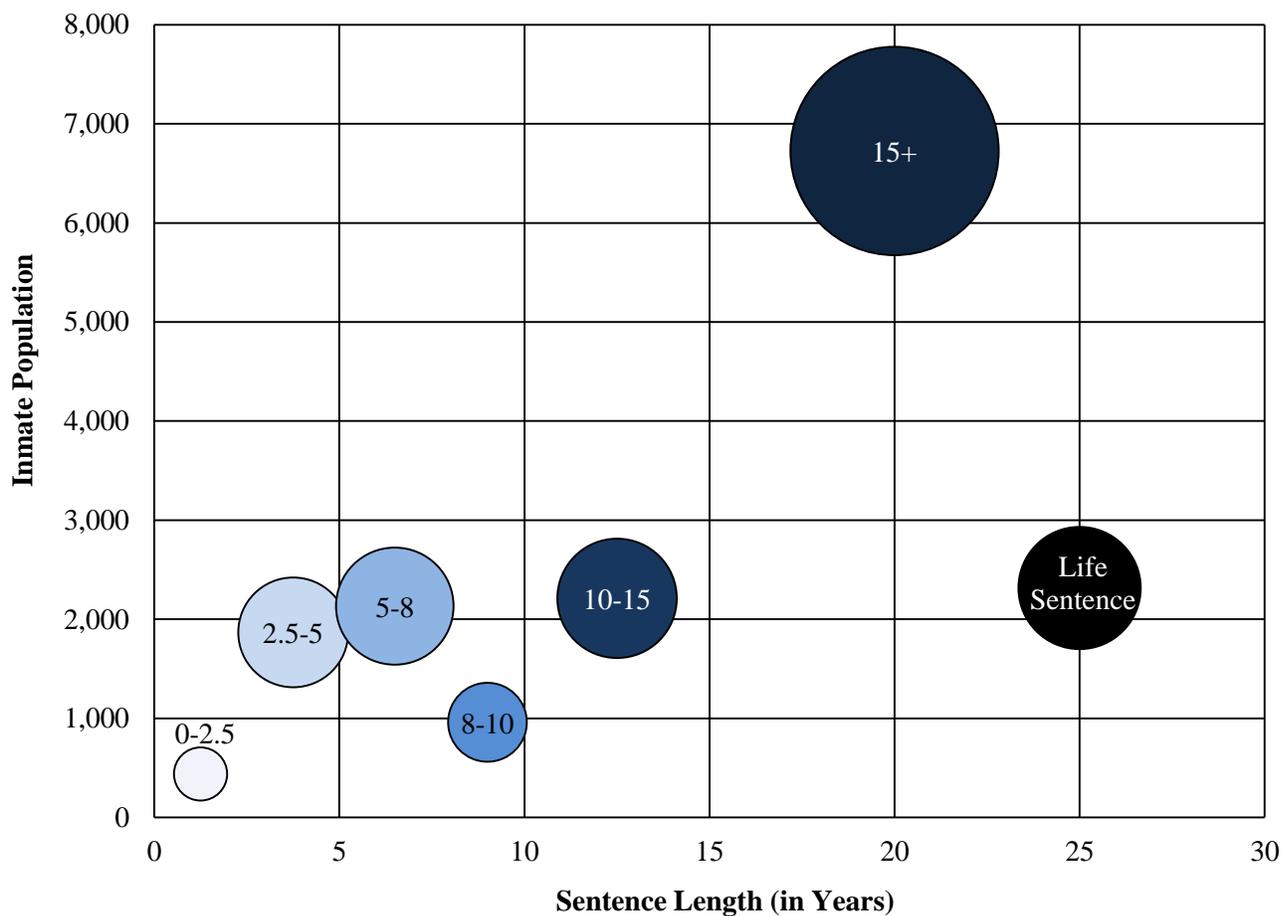
Exhibit 6
Average Length of Stay
Fiscal 2011-2020



Source: Department of Public Safety and Correctional Services

Most inmates who remain in DPSCS custody are incarcerated for violent offenses, including homicide (28%), assault (14%), or sexual assault (10%), while a large portion are incarcerated for property crimes, including robbery (19%), burglary (6%), and theft (2%). **Exhibit 7** groups the inmate population by sentence length, showing that a majority of those remaining in DPSCS custody are serving medium-term or extended sentences, which makes sense based on recent COVID-19 releases and the most-serious offense category of remaining inmates. There are only 26 inmates serving sentences less than a year and only 156 inmates serving sentences between 1 and 2 years. By comparison, 6,725 inmates are currently serving sentences longer than 15 years.

**Exhibit 7
Inmate Population by Sentence Length
Fiscal 2020**



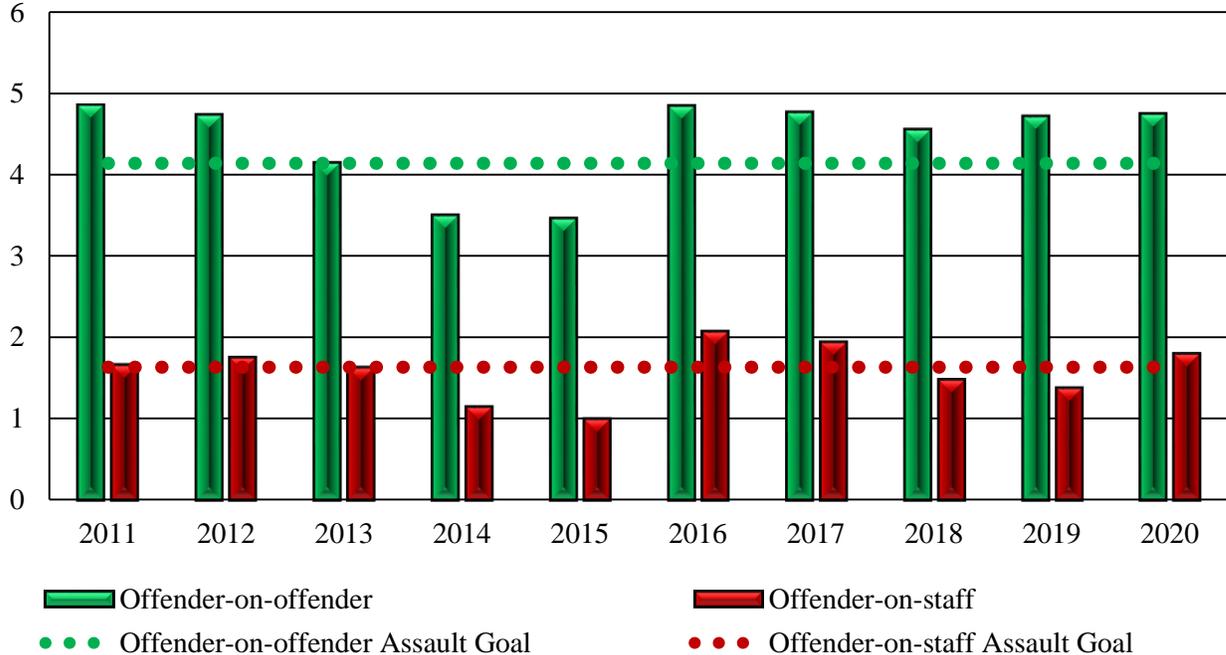
Note: Each bubble represents a group of inmates with similar sentence lengths as indicated in each label. Placement on the x-axis is approximate. The size of each bubble and placement on the y-axis corresponds to the size of each group.

Source: Department of Public Safety and Correctional Services

4. Assaults Hover above Goals

From fiscal 2019 to 2020, offender-on-offender assaults stayed stable, while offender-on-staff assaults increased by 30%. Within DOC facilities, Dorsey Run Correctional Facility has the current highest offender-on-offender assault rate of 9.9 assaults per 100 ADP for fiscal 2020, which is an increase over its fiscal 2019 levels of 7.2 assaults per 100 ADP. North Branch Correctional Facility has the highest offender-on-staff assault rate in fiscal 2020 at 3.3 assaults per 100 ADP. Offender-on-offender assaults are currently 218% higher in detention facilities than correctional facilities, while offender-on-staff assaults are 179% higher in detention facilities than correctional facilities. This is due to the nature of holding a pretrial inmate in detention and the physical layout of many DPDS facilities, which are more communal in nature. **Exhibit 8** shows current assault rates by target of assault for fiscal 2011 through 2020. Offender-on-offender assaults remain above the goal of 4.1 assaults per 100 ADP, and offender-on-staff assaults increased over the goal of 1.6 assaults per ADP in fiscal 2020 for the first time since fiscal 2017. **DPSCS should discuss the reasons why assaults increased above the Managing for Results goal and also discuss the impact of COVID-19 on inmate and staff assaults.**

Exhibit 8
Assaults in Correctional Facilities Per 100 ADP
Fiscal 2011-2020



ADP: average daily population

Source: Department of Public Safety and Correctional Services

Fiscal 2020

Actual spending for DPSCS Corrections increased by \$25.3 million from the legislative appropriation due to several cost-of-living adjustments (COLA) and a \$2.6 million federal grant at Eastern Correctional Institution for the State Criminal Alien Assistance Program (SCAAP). SCAAP provides federal payments to states and localities that incurred correctional officer (CO) salary costs for incarcerating undocumented criminal aliens with at least one felony or two misdemeanor convictions for violations of state or local law.

Fiscal 2021

Proposed Deficiencies

DPSCS Corrections receives several general fund deficiency appropriations totaling \$6.9 million. An ongoing agreement between DPSCS and the Maryland Environmental Service adds \$451,000 per year to operate a problematic boiler plant at the Central Maryland Correctional Facility. Various facilities also required \$1.5 million in emergency deficiencies to repair housing unit door control locks. The majority of deficiency spending, however, goes to COVID-19 projects and costs. These include:

- a maintenance staff contract (\$954,000);
- emergency power generators for COVID-19 treatment tents (\$1.2 million);
- isolation fencing in facility recreation yards (\$1.2 million);
- vinyl partitions in dormitory-style housing units (\$650,000); and
- dietary supplies for grab-and-go meals (\$957,000).

Fund-swap deficiencies totaling \$23.4 million replaced general funds with Coronavirus Relief Funds reimbursed through the Maryland Department of Health to support CO salaries and bonuses.

Cost Containment

The Board of Public Works (BPW) took several cost containment actions on July 1, 2020, saving a total of \$2.8 million in general funds from the Division of Corrections. Unemployment insurance payments for regular employees reduced by \$0.75 million, and contractual employee payroll reduced by \$0.2 million. Funding for critical maintenance at MCI-W was also deleted, totaling \$1.5 million in savings.

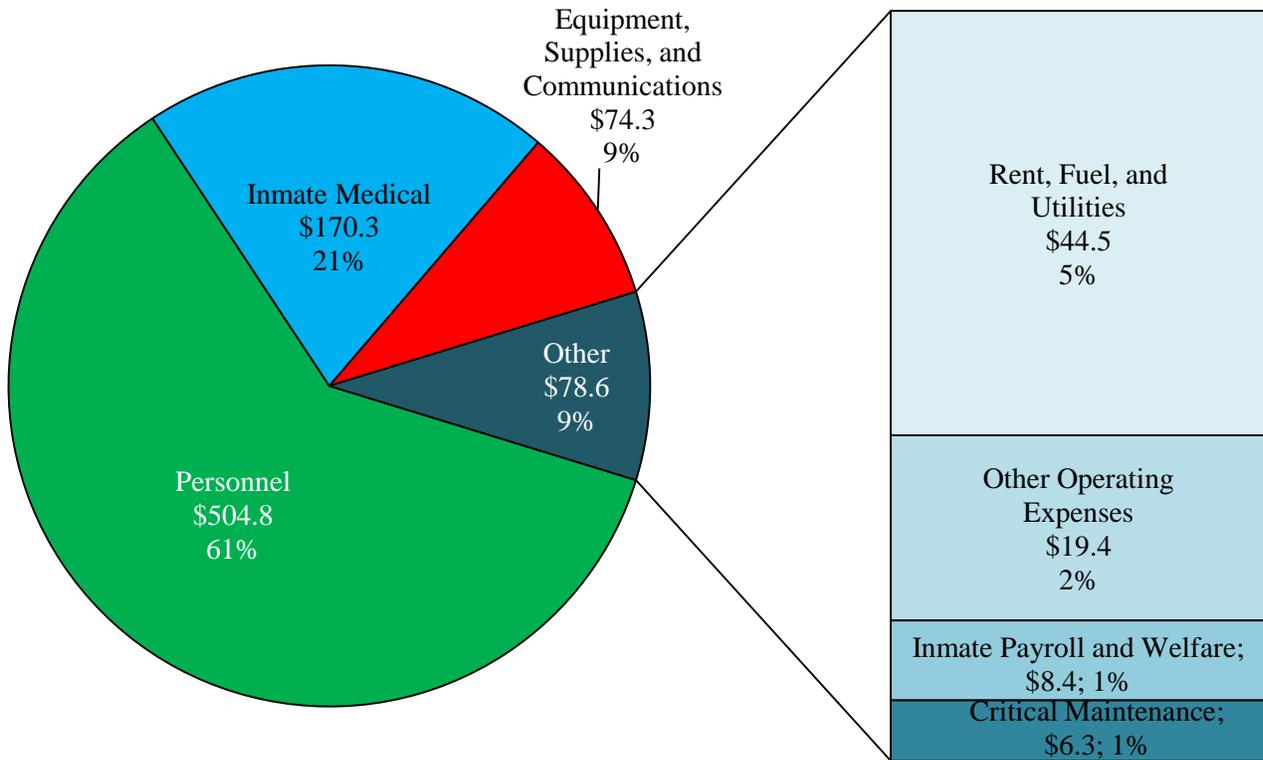
Assumed Reversion

A fiscal 2021 reversion of \$1.5 million in general funds that were restricted at MCI-W is assumed contingent on DPSCS developing a women’s prerelease program independent of opportunities for men.

Fiscal 2022 Overview of Agency Spending

DPSCS Corrections receives \$828 million in the adjusted fiscal 2022 allowance. The majority of spending, 61%, supports personnel costs totaling \$505 million. **Exhibit 9** displays the fiscal 2022 agency allowance by spending category.

Exhibit 9
Overview of Agency Spending
Fiscal 2022 Allowance
(\$ in Millions)



Note: Allowance includes annualization of the fiscal 2021 general salary increase and fiscal 2022 Annual Salary Review increases.

Source: Governor’s Fiscal 2022 Budget Books

Proposed Budget Change

The fiscal 2022 allowance decreases by \$11.5 million from the fiscal 2021 working appropriation. **Exhibit 10** shows the overall budget change broken down to the item level.

Exhibit 10
Proposed Budget
DPSCS – Corrections
(\$ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2020 Actual	\$776,315	\$60,318	\$3,955	\$1,788	\$842,375
Fiscal 2021 Working Appropriation	753,343	60,193	215	25,766	839,518
Fiscal 2022 Allowance	<u>764,588</u>	<u>60,304</u>	<u>959</u>	<u>2,156</u>	<u>828,008</u>
Fiscal 2021-2022 Amount Change	\$11,245	\$111	\$744	-\$23,610	-\$11,510
Fiscal 2021-2022 Percent Change	1.5%	0.2%	346.0%	-91.6%	-1.4%

Where It Goes:

Personnel Expenses

	Change
Retention Longevity Incentive Pay for correctional officers	\$7,873
Employee and retiree health insurance.....	6,621
Net annualization of fiscal 2021 2% general salary increase	3,724
Unemployment insurance payments	782
Fiscal 2022 annual salary review increase for MCE fiscal workers.....	42
Other fringe benefit adjustments	-130
Social Security payments	-188
Abolish 12 vacant positions from SMPRU and EPRU due to closure.....	-806
Retirement contributions	-946
Regular earnings.....	-2,586
Workers' compensation premium assessment.....	-2,614
Overtime earnings	-10,432
Turnover adjustments.....	-13,574

Other Changes

Land and structures – critical maintenance	4,003
Planned reversion of fiscal 2021 funds fenced-off to create a women's prerelease program ...	1,500
Rent, fuel, and utilities	1,292
Dietary expenses	1,016
Communications.....	74
Other contractual services	-25

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Where It Goes:	<u>Change</u>
Building/road repairs.....	-57
Contractual employees	-133
Miscellaneous equipment and supplies	-225
MCE and DPSCS inmate payroll and welfare funds.....	-226
Travel and motor vehicles	-335
Vinyl partitions for dormitory-style housing units.....	-650
Inmate medical care	-1,122
Isolation fencing for facility recreation yards	-1,164
Emergency power generators for COVID-19 medical tents	-1,220
Nonpersonnel savings from SMPRU and EPRU closure.....	-2,002
Total	-\$11,510

DPSCS: Department of Public Safety and Correctional Services

EPRU: Eastern Pre-Release Unit

MCE: Maryland Correctional Enterprises

SMPRU: Southern Maryland Pre-Release Unit

Note: Numbers may not sum to total due to rounding. Fiscal 2021 includes deficiency appropriations, planned reversions, and general salary increases. Fiscal 2022 includes contingent reductions, annual salary review adjustments, and annualization of fiscal 2021 general salary increases.

Personnel Expenses Decrease

Following years of spending increases for DPSCS personnel, the fiscal 2022 allowance shows a sizeable decrease from the working appropriation. Overtime costs decline significantly by over \$10 million, or about 11%. Turnover adjustments removed another \$13.6 million from the working appropriation, reflecting more filled positions in this functional unit. At current staffing levels, DPSCS Corrections may need additional funding from elsewhere in the department, as vacancies in this functional unit are below required turnover despite overall vacancies in the department being above required turnover.

Facility Closures

Two pre-release facilities are closing: Southern Maryland Pre-Release Unit (SMPRU) and Eastern Pre-Release Unit (EPRU). Because inmate medical costs are fixed across the department, the medical costs saved by these closures were not included in these cost savings estimates. The SMPRU and EPRU closures generate about \$2 million in nonpersonnel savings and \$806,000 in personnel savings due to abolishments. A provision in the Budget Reconciliation and Financing Act of 2021 guarantees that filled positions at these facilities are eligible for reassignment across the department, preserving those personnel costs in the allowance. **In the interest of determining the effect of these closures on the State, the Department of Legislative Services recommends adoption of committee narrative requesting a report on prerelease opportunities.**

Compensation Enhancements

Not all personnel expenses decline. The fiscal 2021 2% COLA will be annualized in the budget allowance, accounting for a \$3.7 million increase over the working appropriation. Health insurance expenses also increase dramatically in the allowance.

The Department of Budget and Management received an appropriation of \$7.9 million for the Retention Longevity Incentive Pay (RLPI) bonus program, which is included in this analysis because it will be distributed through budget amendment to the DPSCS programs with a CO complement. While the entire portion is currently allocated to DPSCS Corrections, a fraction of the \$7.9 million will be allocated to DPSCS Administration as well as DPSCS Pretrial Detention through budget amendment. The amount in each departmental unit will be proportional to its share of COs receiving RLPI payments. RLPI payments provide up to \$37,000 over four years in order to incentivize retirement-eligible COs to stay on with the department. DPSCS expects 922 COs to receive fiscal 2020 or 2021 payments, which represents a total entitlement of at least \$34 million by fiscal 2025.

Variable Expenses and COVID-19

Inmate medical expenses decline by over \$1.1 million in Corrections due to the realignment of the contract's fixed costs according to updated population figures. Pretrial detention medical expenses also declined, while they increased in the administration budget due to 155% more placements in the Central Home Detention Unit. Several one-time COVID-19 costs from fiscal 2021 do not reappear in the fiscal 2022 allowance, such as \$650,000 for social distancing partitions for dormitory-style housing units, \$1.2 million for social distancing fencing in recreation yards, and \$1.2 million in emergency power generators to support the COVID-19 medical tents. Dietary expenses, however, increased in fiscal 2021 and are expected to continue to be elevated in fiscal 2022. Critical maintenance funding increases in the allowance by \$4 million. The project list, however, is not up to date, and the expected changes are shown in **Exhibit 11**. The funding for fiscal 2021 will be transferred from DPDS by budget amendment to projects in DOC. With these changes, the actual increase from fiscal 2021 to 2022 is only \$1.8 million for critical maintenance.

Exhibit 11
Critical Maintenance Project Funding
Fiscal 2021

Project List as Budgeted

<u>Facility</u>	<u>Description</u>	<u>Amount</u>
Western Correctional Institution	Replacement of Roof HVAC Units	\$1,300,000
Patuxent Institution	Replacement of Two to Three Chillers	429,000
Maryland Correctional Institution – Jessup	Kitchen and Gym Renovations	360,000
Eastern Correctional Institution	Central Warehouse Freezer	150,000
Central Maryland Correctional Facility	Facility Parking Lot Repair and Replacement	100,000
Southern Maryland Pre-Release Unit	Metal Door Replacements	87,000
Total	All Projects	\$2,426,000

Project List – Revised

Western Correctional Institution	Hot Water Boiler Replacement	\$1,375,000
Eastern Correctional Institution	Emergency Generator	1,255,000
Patuxent Institution	Administrative Building HVAC Replacement	480,000
Patuxent Institution	Gym Floor Replacement – Mercury Removal	400,000
Jessup Correctional Institution	Kitchen Generator	200,000
Jessup Correctional Institution	Replacement of Pneumatic Door Controls	165,000
Jessup Correctional Institution	Chiller Replacement	150,000
Maryland Correctional Institution – Jessup	ADA Cell Conversion	150,000
Maryland Correctional Institution – Jessup	Air Handling Unit Repair	130,000
Maryland Correctional Training Center	Replacement of Roof HVAC Units	130,000
Jessup Correctional Institution	Replacement of Broken Windows	62,000
Western Correctional Institution	Inmate Dryer Vent Cleaning	39,000
Total	All Projects	\$4,536,000

ADA: Americans with Disabilities Act

Source: Department of Public Safety and Correctional Services

Personnel Data

	<u>FY 20</u> <u>Actual</u>	<u>FY 21</u> <u>Working</u>	<u>FY 22</u> <u>Allowance</u>	<u>FY 21-22</u> <u>Change</u>
Regular Positions	5,688.00	5,351.00	5,332.00	-19.00
Contractual FTEs	<u>22.78</u>	<u>38.49</u>	<u>36.25</u>	<u>-2.24</u>
Total Personnel	5,710.78	5,389.49	5,368.25	-21.24

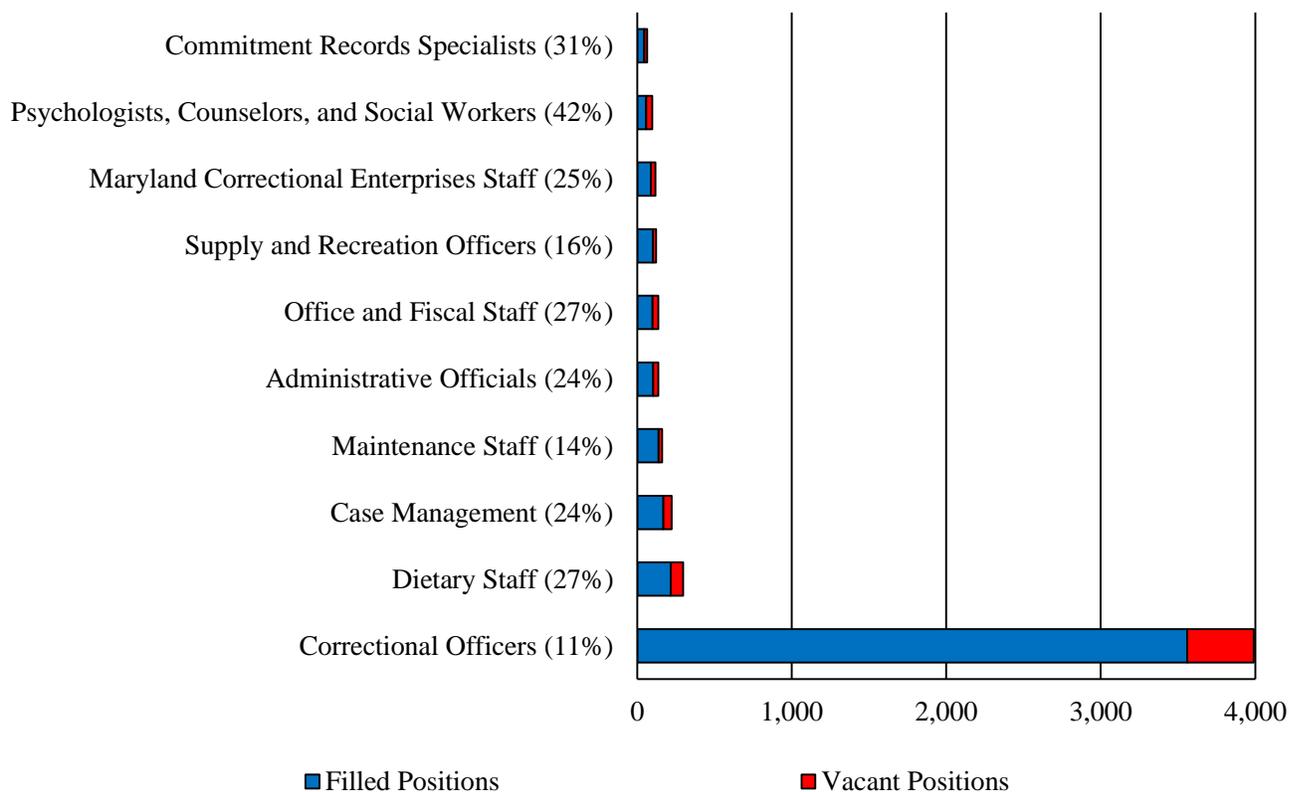
Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	856.32	16.06%
Positions and Percentage Vacant as of 12/31/20	767.00	14.33%
Vacancies Below Turnover	89.32	

- The fiscal 2022 allowance includes 19 fewer positions than in the working appropriation. The closure of SMPRU and EPRU led to 12 vacant position abolishments, while interdepartmental transfers made up the remaining changes.
- DPSCS Corrections currently has 767 vacant positions, which is less than the number of required vacancies in order to meet budgeted turnover. While the department as a whole has enough margin over the turnover expectancy to increase filled positions in fiscal 2022, the correctional function may not.
- In MCE, 14 accounting and fiscal series positions receive an annual salary review grade increase of 6%, adding \$42,000 to the fiscal 2022 allowance.

This functional unit of the department is primarily made up of COs. While COs made up the most vacancies at 432, they also showed the lowest vacancy rate among classifications at 11%. **Exhibit 12** shows how the other employee classifications measure against the CO complement. Vacancies are highest among mental health staff and social workers. While CO vacancies drive overtime costs that have grown to problematic sizes in recent years, vacancies in other classifications at facilities also negatively affect the services rendered by DPSCS.

Exhibit 12
Vacancies by Employee Classification
January 2021



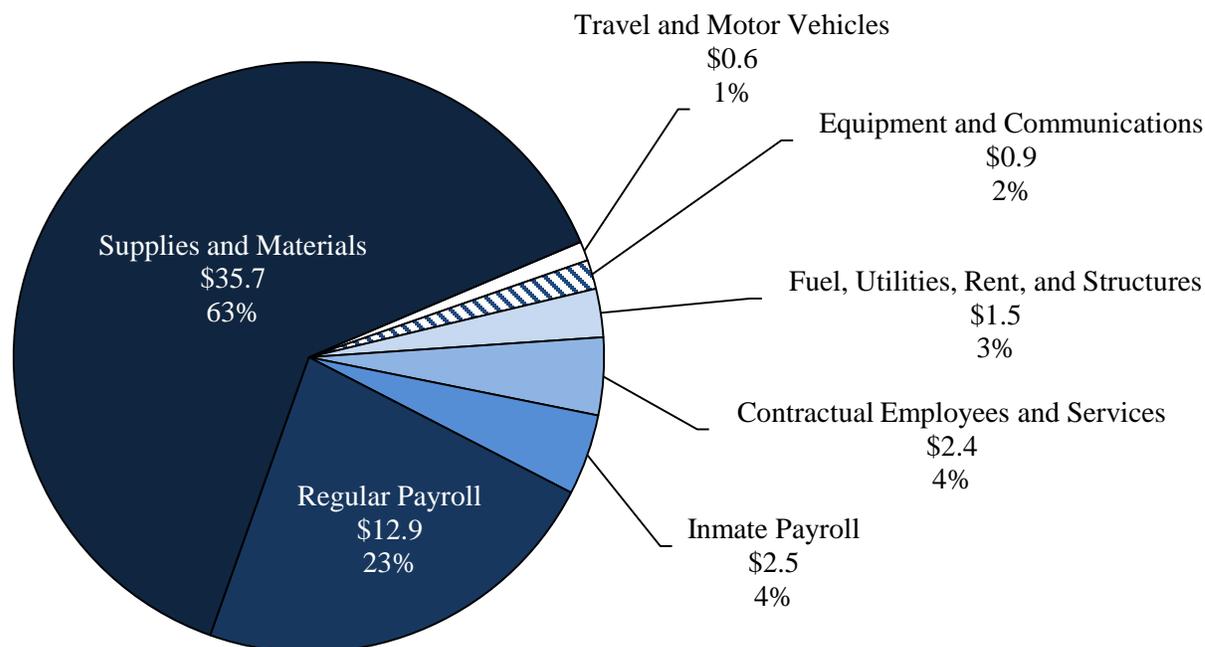
Source: Department of Budget and Management; Department of Legislative Services

Issues

1. MCE Sales Are Down

MCE is the State-use industries arm of DOC. It is a financially self-supporting agency that generates revenue for its operations and capital investments and reimburses DOC at a reasonable rate for services exchanged. MCE hires and trains inmates to perform a number of different industrial tasks, ranging from furniture building to textiles and from graphic design to mailing and distribution. The amount paid to each inmate ranges from \$0.17 to \$10.10 per hour based on industry and skill level. The average hourly stipend was \$1.12 per hour in fiscal 2020. The total amount paid to inmates in fiscal 2020 was almost \$2.5 million, while personnel expenses for officers and other MCE staff were about \$13 million. Total expenses for MCE in fiscal 2020 were \$56.5 million, including \$35 million for supplies and materials used in manufacturing, as demonstrated in **Exhibit 13**.

Exhibit 13
MCE Expenses
Fiscal 2020
(\$ in Millions)



MCE: Maryland Correctional Enterprises

Source: Governor's Fiscal 2022 Budget Books

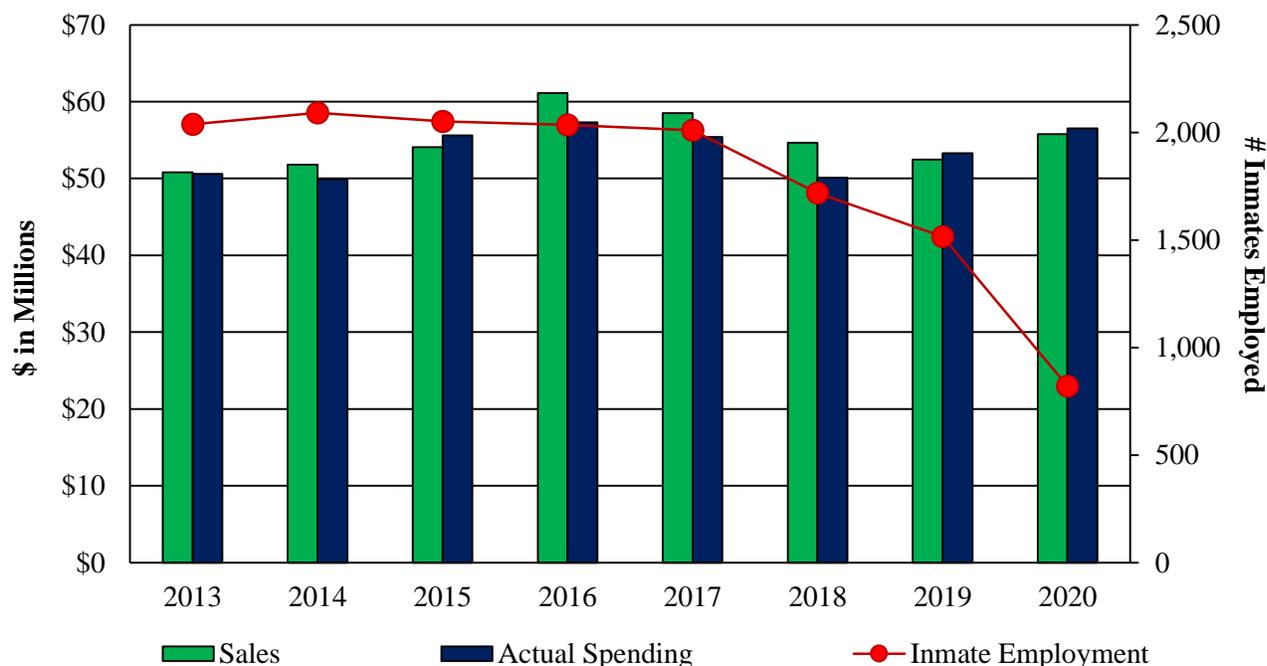
Production Downsized Due to COVID-19

The COVID-19 pandemic caused many correctional programs and activities to cease or be modified. In order to secure the safety of staff and inmates, DPSCS closed 10 MCE business units and downsized the workforce by half based on the ability to social distance as well as the demand for the goods or services provided, which abruptly shifted due to statewide teleworking initiatives. To date, no plant has been permanently closed, although in November 2020 through January 2021, MCE closed 21 of 26 plants. Currently, only three business units are idled. Business units were closed in June 2020 in the following industries, though all plants have been reopened to varying extents since that time:

- Wood Furniture;
- Sewing;
- Graphics I and II;
- Copy Services;
- Flag Sewing;
- Mailing and Distribution;
- Designing and Planning;
- Central Warehouse; and
- Agriculture.

Total sales for MCE were \$55.8 million in fiscal 2020, which was still a 6.3% increase over fiscal 2019 despite the pandemic. MCE employment numbers were already at their lowest point in over a decade in fiscal 2019 at 1,514 but declined by 46% to 821 by the end of fiscal 2020 due to COVID-19 safety precautions. Inmate employment was 61% lower than the peak in fiscal 2014. **Exhibit 14** shows MCE sales, expenses, and inmate employment, which is measured at the end of the fiscal year.

Exhibit 14
MCE Sales, Expenses, and Inmate Employment
Fiscal 2013-2020



MCE: Maryland Correctional Enterprises

Source: Department of Public Safety and Correctional Services; Department of Legislative Services

New Production Methods

MCE quickly developed new manufacturing procedures and developed a new business unit (hand sanitizer) to meet departmental and State needs for a personal protective equipment (PPE) product in short supply and high demand. Other assembly lines were repurposed to produce other PPE items, including:

- personal cotton sneeze guards (face masks);
- face shields;
- reusable hospital gowns;
- alcohol-based hand sanitizer gel;

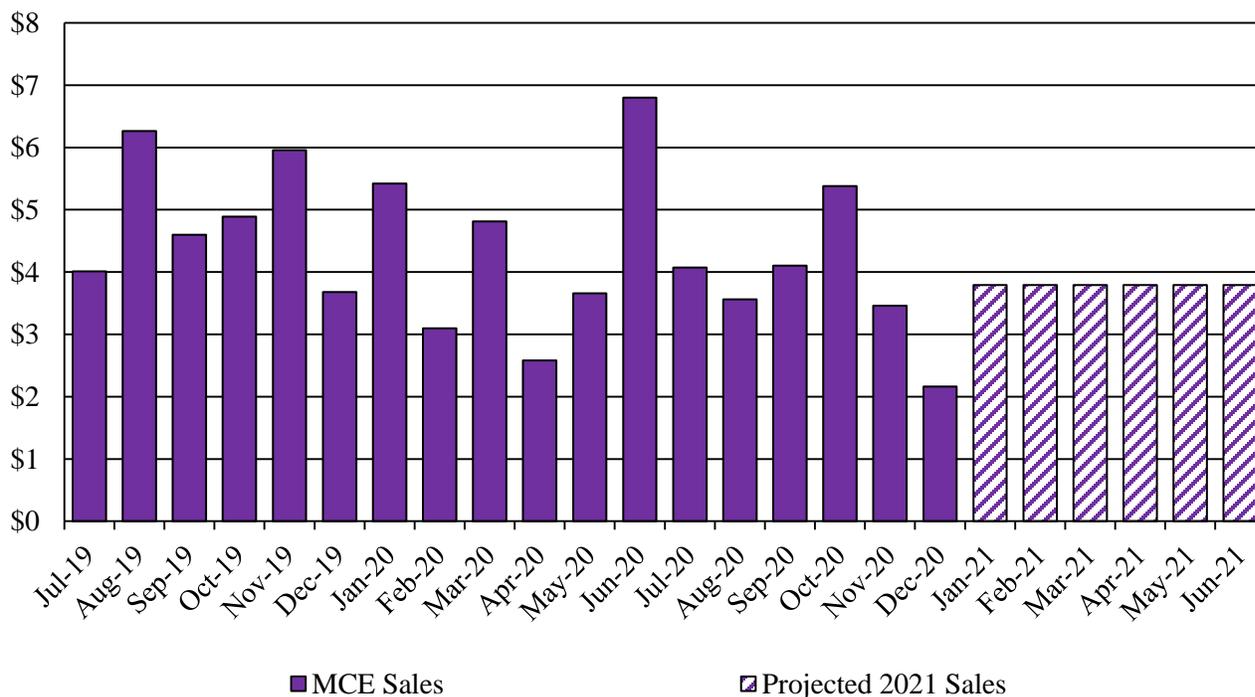
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- mobile vinyl and plastic barriers;
- cubicle wall additions and stackers;
- rolling doors;
- countertop/tabletop screens and barriers;
- moveable walls; and
- safety signage.

Thanks to these efforts, MCE sales are not as low as would be expected from the forced closures of 10 business units. MCE stepped into a needed role during the pandemic and reduced the need for externally procured PPE for the department and MCE customers. This also allows for inmates to continue working, even though the overall employment is reduced nearly by half.

Unfortunately, however, MCE sales are still depressed by about 22.7%. If the fiscal 2021 monthly sales average continues through fiscal year end, MCE could generate \$45.5 million in revenues, which would fall short of the amount budgeted for fiscal 2021 expenses by \$11.2 million. The fiscal 2021 potential sales of \$45.5 million would also fall short of fiscal 2020 sales by \$10.2 million, or 18.5%. Monthly MCE sales since July 2019 are shown in **Exhibit 15**.

**Exhibit 15
Monthly MCE Sales
Fiscal 2020-2021
(\$ in Millions)**



MCE: Maryland Correctional Enterprises

Source: Maryland Correctional Enterprises

Overall, this MCE budgetary issue may not require general funds, as the MCE fund balance of about \$25 million should be sufficient to cover the expected shortfalls in fiscal 2021. If sales do not pick up, however, in fiscal 2022, the MCE fund balance could quickly be drained. Furthermore, the demand for PPE has reduced since the summer, and those business avenues may not be sufficient to maintain sales while the pandemic continues.

Because this issue could result in a budgetary crisis for the self-financing MCE, DPSCS and MCE should comment on the reduction in MCE sales as well as any steps currently being taken to avoid costs and enhance revenues while COVID-19 safety precautions and market conditions remain in effect.

2. COVID-19 Effects on Regular Expenses

As discussed in the DPSCS Operating Budget Overview analysis, expenses increased for DPSCS as a result of the COVID-19 pandemic. While some costs were one-time, other costs are continuing. This issue will describe in greater detail the one-time expenses and the ongoing changes related to COVID-19 for the department as a whole.

One-time Costs

In fiscal 2020, DPSCS moved quickly to purchase supplies, equipment, and services that would be necessary to carry out its duties during the pandemic. **Exhibit 16** lists these expenses by category. The highest cost items were hygienic supplies (\$24.7 million) and an emergency increase to the inmate medical contractor to keep staffing levels adequate during the first lockdown. Total fiscal 2020 one-time costs were \$39 million. In fiscal 2021, the largest cost is the inmate medical contract, which requires \$24 million above the existing \$200 million allocation in order to meet the medical needs of inmates and staff, including COVID-19 screenings, vaccinations, and care. This emergency modification is not included in the current budget as it is currently submitted for approval at the February 24, 2021 BPW meeting. The modification is, however, expected to receive about 50% in reimbursements from federal assistance.

Exhibit 16
One-time COVID-19 Expenses
Fiscal 2020-2021

	<u>2020</u>	<u>2021</u>
Medical		
Inmate Medical Care Contract	\$11,285,742	\$24,000,000
Medical and Psychological Supplies	94,844	
Medical Equipment	4,655	
Cleaning		
Hygienic Supplies	24,722,649	259,241
Cleaning/Janitorial Services	688,404	2,624,379
Janitorial Supplies	40,988	
Vehicle Disinfection	29,413	
Trash Removal and Disposal	431	
Equipment		
Noncapital Equipment	185,329	
Equipment Service Contracts	113,374	
Equipment Rental	55,625	
Peripherals	40,484	
Equipment Repair Parts	13,274	
Construction Equipment	10,326	
Office Supplies	5,708	

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	<u>2020</u>	<u>2021</u>
Buildings		
Building Interiors	403,032	
Building Exteriors	281,693	
Building Renovations	244,820	
Food		
Food for Inmates	391,197	824,002
Dietary Supplies	146,444	
Dietary Equipment	4,965	
Maintenance		
Maintenance Equipment	142,309	
Maintenance Supplies	52,301	
Inmate costs		
Mattresses	19,749	
Linens and Bedding	15,064	
Inmate Clothing	1,416	
Ice For Inmates	963	
Other		
Contractual Services	14,912	
Software Licenses	12,417	
Education/Training – Employees	606	
Total	\$39,023,134	\$27,707,622

Source: Department of Public Safety and Correctional Services; Department of Legislative Services

DPSCS should comment on the new auditable reimbursement model for the inmate medical contract emergency modification and provide a funding plan for the approximately \$12 million in unsupported cost increases.

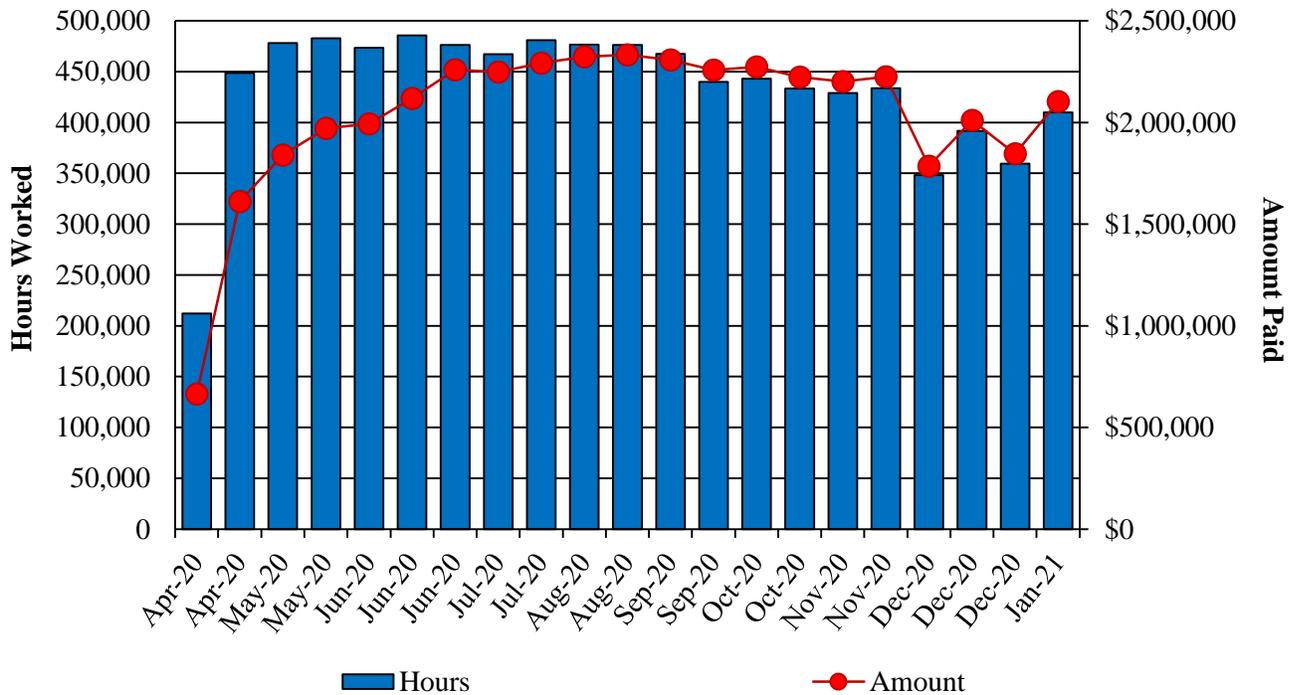
Salary Costs

When the emergency declaration was made in March, DPSCS employees working in facilities began receiving “premium pay,” which doubled each employee’s hourly pay for one pay period during the first shutdown. This premium pay cost about \$9 million to keep employees on the job in potentially hazardous conditions. Hours worked and amounts paid remained stable before and after the shutdown, but earnings increased in March solely due to this COVID-19 pay incentive. Premium pay ended at the end of March and was replaced by two incentives – response pay and quarantine pay. These targeted eligible classifications with an additional \$3.38 per hour for all facility employees and an extra \$2 per hour for those working in quarantine housing units. Response pay was ceased on September 8, 2020, while quarantine pay incentives remain in place and were increased to include the amount previously provided for response pay.

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The total amount paid for premium, response, and quarantine pay in fiscal 2020 was \$25.7 million, while the year-to-date amount paid for response and quarantine pay in fiscal 2021 is \$30.4 million. The amount paid per pay period is shown in **Exhibit 17**. If quarantine payments continue at the same average rate since September 2020, the total amount paid for response and quarantine pay in fiscal 2021 could be as high as \$56 million. These pay incentives are eligible for coverage by federal stimulus funds reimbursed through MDH. Currently the budget recognizes \$28.7 million in personnel funding for reimbursement in fiscal 2021, but additional federal assistance is anticipated.

Exhibit 17
Premium, Response, and Quarantine Incentive Payments
Fiscal 2020-2021



Note: Each observation represents one pay period. Due to timing reasons, June and December 2020, have three pay periods each, while other months have two pay periods each.

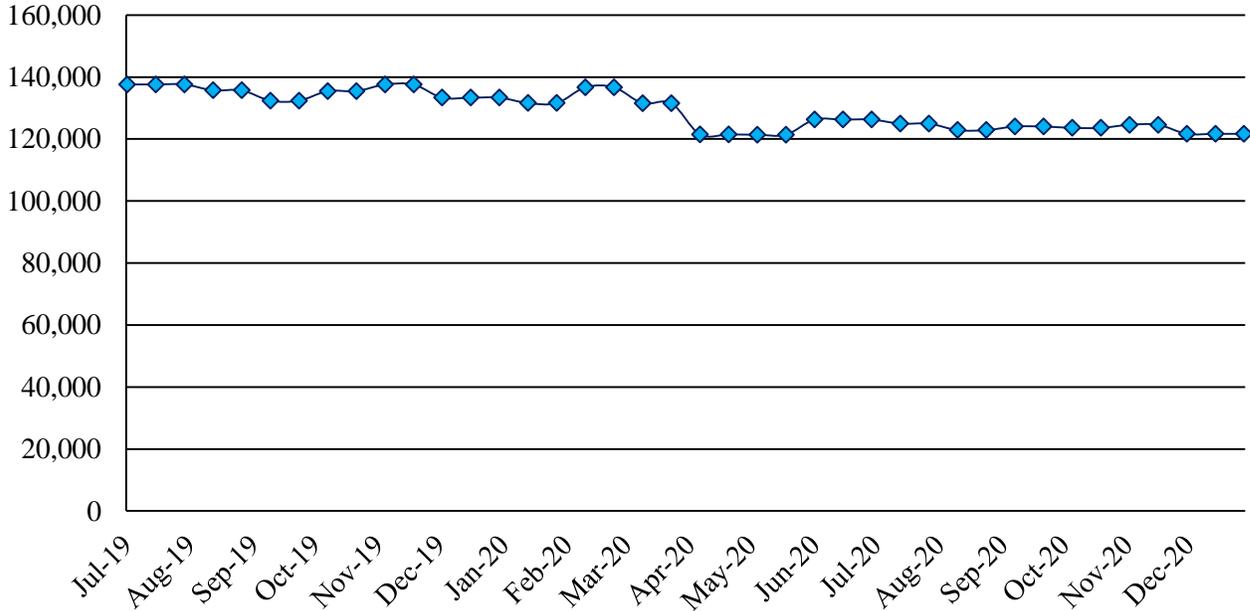
Source: Department of Public Safety and Correctional Services; Department of Legislative Services

While these pay incentives increase salary costs for DPSCS, some salary costs are on the decline due to COVID-19. Overtime, specifically, was needed less due to the pandemic, as movement within facilities is severely limited and the inmate population declined substantially. **Exhibit 18** shows overtime hours worked starting in fiscal 2020. The average hours worked per pay period decreased from 135,000 pre-COVID-19 to 124,000 in the post-COVID-19 period, or 8%. When looking at

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overtime costs, DPSCS has spent 4% less in the first 13 pay periods of fiscal 2021 compared to the first 13 pay periods in fiscal 2020. If trends continue, DPSCS should save over \$10 million in overtime costs compared to past years.

Exhibit 18
Overtime Hours
Fiscal 2020-2021



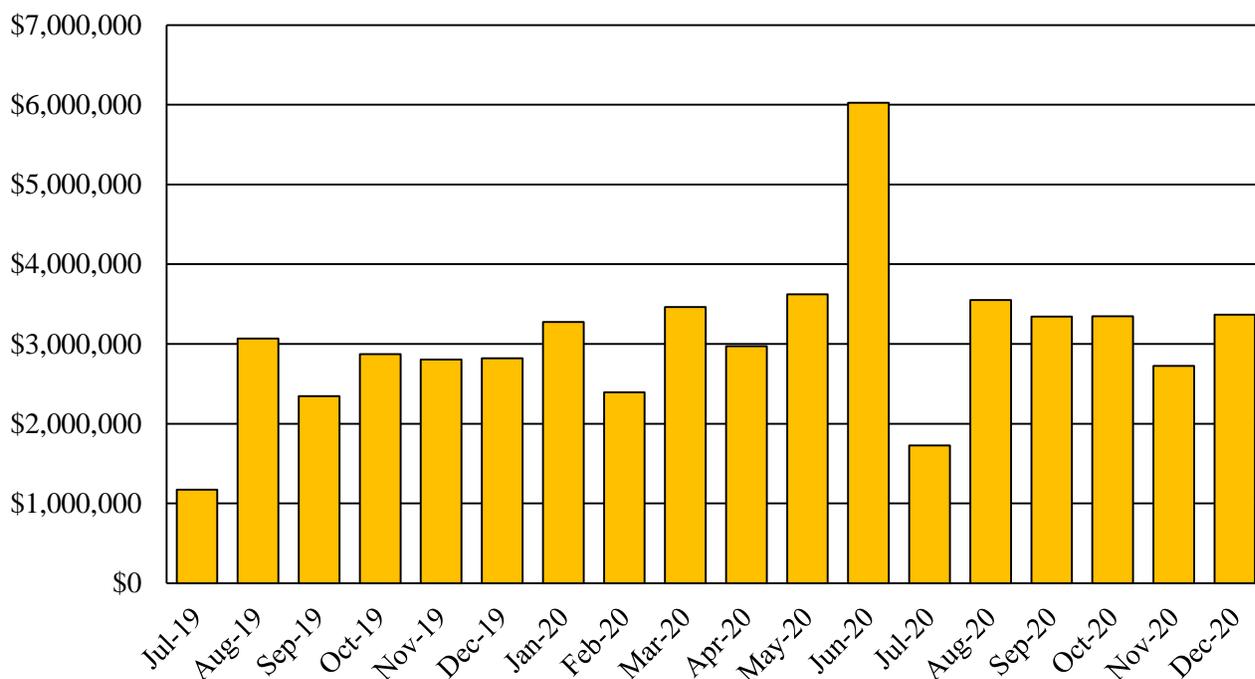
Note: Each observation represents one pay period. Due to timing reasons, July and December 2019 and June and December 2020 have three pay periods each, while other months have two pay periods each.

Source: Department of Public Safety and Correctional Services; Department of Legislative Services

Food and Dietary Supplies

Food and dietary supply costs are currently elevated during COVID-19, about 20% higher in the first two quarters of fiscal 2021 compared to the first two quarters of fiscal 2020. In June 2020, the standard practice of encumbering funds at a high rate set the department up with sufficient dietary supplies for the start of fiscal 2021. **Exhibit 19** shows these expenditures for each month of fiscal 2020 and 2021. This increase is supported in the budget.

Exhibit 19
Food and Dietary Expenses
Fiscal 2020-2021



Source: Department of Public Safety and Correctional Services; Department of Legislative Services

Overall, DPSCS has COVID-19 expenses of approximately \$64.8 million in fiscal 2020 and \$83.4 million in fiscal 2021. Reimbursements from MDH covered the entirety of fiscal 2020 needs but are budgeted only at about \$28 million in fiscal 2021. General fund deficiencies added about \$13 million to cover other fiscal 2021 expenses, and the medical care contract modification is expected to receive about \$12 million in additional MDH reimbursements. Even with these adjustments, there could remain an unfunded gap of about \$30 million. While most of these expenses are eligible for federal assistance, it is unclear at this time if they will receive full reimbursements.

DPSCS should brief the budget committees on the amount of unfunded COVID-19 expenses that are expected in fiscal 2021 if costs continue at the current rate.

Operating Budget Recommended Actions

1. Adopt the following narrative:

Maryland Correctional Enterprises Staffing, Programs, and Sales Report: The budget committees are concerned that COVID-19 and recent trends in sales, employment, and staff vacancies may inhibit the ability of Maryland Correctional Enterprises (MCE) to carry out its mission to improve employability upon release, enhance safety and security, reduce prison idleness, and produce quality goods and services. The budget committees direct the Department of Public Safety and Correctional Services (DPSCS) to submit a report by September 1, 2021, providing the following information:

- a breakdown of regular and special programs, including employment data;
- a review of efforts to address MCE legislative audit findings;
- sales and vacancy data and any steps that can be taken to maximize sales and minimize vacancies; and
- an analysis of the impact of COVID-19 on operations, sales, and employment.

Information Request	Authors	Due Date
MCE staffing, programs, and sales report	MCE DPSCS	September 1, 2021

2. Add the following language to the general fund appropriation:

, provided that \$100,000 of this appropriation may not be expended until the Department of Public Safety and Correctional Services submits the first of four quarterly hiring and attrition reports to the budget committees. The reports shall include a breakdown of all hires and separations for each of the three months in question by category of employee (correctional officer, community supervision agent, or administrative employee) and by reason for separation. The report shall also include narrative summarizing all hiring events and changes to the hiring process that occurred during the quarter; the quantity, type, and cost of bonuses disbursed; as well as overall applications received, tested, and interviewed. The first quarterly report shall be submitted to the budget committees no later than October 15, 2021. The budget committees shall have 45 days to review and comment following submission of the first quarterly report. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted to the budget committees.

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Explanation: Hiring within the Department of Public Safety and Correctional Services (DPSCS) has recently improved staffing levels after years of unsustainable employment decline. The department submitted monthly reports in fiscal 2021 that demonstrated sustained improvements to hiring and attrition. The quarterly reports requested in fiscal 2022 will continue the cooperation between DPSCS and the budget committees to track all departmental hiring, the success of recent initiatives, and the impact of COVID-19 on public safety staffing.

Information Request	Author	Due Date
Quarterly hiring and attrition reports	DPSCS	October 15, 2021 January 15, 2021 April 15, 2022 July 15, 2022

3. Adopt the following narrative:

Report on Prerelease Opportunities: The budget committees are concerned that the State no longer provides adequate prerelease opportunities due to the decision to close the Southern Maryland Pre-Release Unit (SMPRU) and the Eastern Pre-Release Unit (EPRU) at the end of fiscal 2021. The budget committees request a report due August 15, 2021, on the department’s prerelease program. The report should summarize the decision to close SMPRU and EPRU and identify the one-time and recurring budgetary savings associated with the closure. The report should also summarize any prerelease opportunities that will remain in place as well as the strategy of the department overall to deliver reentry and work release services.

Information Request	Author	Due Date
Report on prerelease opportunities	Department of Public Safety and Correctional Services	August 15, 2021

Appendix 1
2020 Joint Chairmen’s Report Responses from Agency

The 2020 *Joint Chairmen’s Report* (JCR) requested that the Division of Corrections prepare two reports. Electronic copies of the full JCR responses can be found on the Department of Legislative Services Library website.

- ***Brockbridge Correctional Facility (BCF) Replacement Report:*** In January 2020, the Department of Public Safety and Correctional Services announced that BCF had been depopulated and defunded and would be redeployed by January 2021 as a comprehensive prerelease, reentry, and workforce development facility. The department decided to suspend these plans indefinitely due to the COVID-19 pandemic. The work completed on the new facility operations and construction timelines must be redone when the department is able to reach a greater level of normalcy.

- ***Maryland Correctional Enterprises (MCE) Staffing, Programs, and Sales Report:*** MCE reports higher vacancy rates among staff, lower employment of inmates, and higher sales in fiscal 2020 compared to fiscal 2019. The increase in sales was lower than what could have been due to COVID-19 teleworking policy changes among State and local government as well as the shutdown of several production lines due to safety concerns. Importantly, financial supervisory positions related to inventory control and accounting remain unfilled, which poses a challenge to addressing concerns raised during the most recent legislative audit. Inmate employment was at a higher level than fiscal 2019 until the pandemic. Inmate employment in June was only 821 compared to the 2,000 employed in total during fiscal 2020.

Appendix 2
Enterprise Resource Planning Implementation Project
Major Information Technology Project
Department of Public Safety and Correctional Services

New/Ongoing: Ongoing								
Start Date: Fiscal 2020					Est. Completion Date: Fiscal 2021			
Implementation Strategy: Agile								
(\$ in Millions)	Prior Year	2021	2022	2023	2024	2025	Remainder	Total
SF	\$4.7	\$1.3	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0	\$6.0
Total	\$4.7	\$1.3	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0	\$6.0

- Project Summary:** Maryland Correctional Enterprises (MCE) intends to replace its legacy application with a new Enterprise Resource Planning solution. The new solution will modernize and automate manual processes that result in delays in accounts payables, accounts receivables, inventory management, along with delays in other financial workstreams. The new application will provide a centralized system to address the current limitations of decoupled processes and systems and will replace manual and inefficient business processes.
- Need:** Currently, many of the processes within MCE are paper driven, causing long delays in accounts payables, accounts receivables, and generating financials. Auditors have found issues with the accounting of inventory related to the current system. Analysis of sales data history can take several weeks, as data mining is difficult with the current system. The current system has surpassed its end of life, causing difficulty in acquiring replacement parts and service as well as longer than average downtime. Prior updates for the system have not been purchased or installed, as it would require a complete replacement of the backend hardware.
- Observations and Milestones:** A project manager was brought on in May 2020, and a request for proposals (RFP) went live in the first quarter of fiscal 2021. An award was approved at the January 27, 2020 Board of Public Works meeting for Global Shop Solutions in the amount of \$1,495,980 for February 2021 through April 2022, which represents a total cost savings of \$720,000 from the initial procurement estimate.
- Changes:** This project has undergone significant changes since inception in 2008, with the previous solicitation canceled in lieu of a new cloud-based solution. Procurement issues continued after the project was modified, so a project manager and team was procured (contract approved November 20, 2019) to reissue the RFP and make an expeditious award.
- Concerns:** As the new system may integrate with other legacy applications, the department will be required to provide subject matter experts knowledgeable in legacy applications, business processes, and workflows.

Appendix 3
Object/Fund Difference Report
Department of Public Safety and Correctional Services – Corrections

<u>Object/Fund</u>	<u>FY 20 Actual</u>	<u>FY 21 Working Appropriation</u>	<u>FY 22 Allowance</u>	<u>FY 21 - FY 22 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	5,688.00	5,351.00	5,332.00	-19.00	-0.4%
02 Contractual	64.48	38.49	36.25	-2.24	-5.8%
Total Positions	5,752.48	5,389.49	5,368.25	-21.24	-0.4%
Objects					
01 Salaries and Wages	\$ 519,370,098	\$ 513,829,762	\$ 489,955,053	-\$ 23,874,709	-4.6%
02 Technical and Spec. Fees	1,039,486	1,201,052	1,029,985	-171,067	-14.2%
03 Communication	1,223,954	1,116,673	1,138,190	21,517	1.9%
04 Travel	98,647	101,185	95,456	-5,729	-5.7%
06 Fuel and Utilities	42,020,370	41,270,387	42,771,370	1,500,983	3.6%
07 Motor Vehicles	2,708,261	3,748,397	2,841,718	-906,679	-24.2%
08 Contractual Services	180,473,909	185,041,913	185,788,511	746,598	0.4%
09 Supplies and Materials	77,540,137	69,824,068	72,097,277	2,273,209	3.3%
10 Equipment – Replacement	2,610,855	1,834,937	1,040,560	-794,377	-43.3%
11 Equipment – Additional	1,412,958	40,000	21,000	-19,000	-47.5%
12 Grants, Subsidies, and Contributions	7,764,992	8,802,756	8,371,195	-431,561	-4.9%
13 Fixed Charges	1,446,644	1,765,204	1,724,443	-40,761	-2.3%
14 Land and Structures	4,664,997	2,426,000	6,342,000	3,916,000	161.4%
Total Objects	\$ 842,375,308	\$ 831,002,334	\$ 813,216,758	-\$ 17,785,576	-2.1%
Funds					
01 General Fund	\$ 776,315,163	\$ 768,466,715	\$ 750,080,059	-\$ 18,386,656	-2.4%
03 Special Fund	60,317,602	60,075,719	60,021,594	-54,125	-0.1%
05 Federal Fund	3,954,792	215,000	958,942	743,942	346.0%
09 Reimbursable Fund	1,787,751	2,244,900	2,156,163	-88,737	-4.0%
Total Funds	\$ 842,375,308	\$ 831,002,334	\$ 813,216,758	-\$ 17,785,576	-2.1%

Note: The fiscal 2021 appropriation does not include deficiencies, targeted revenues, or across-the-board reductions. The fiscal 2022 allowance does not include contingent reductions or cost-of-living adjustments.

Appendix 4
Fiscal Summary
Department of Public Safety and Correctional Services – Corrections

<u>Program/Unit</u>	<u>FY 20 Actual</u>	<u>FY 21 Wrk Approp</u>	<u>FY 22 Allowance</u>	<u>Change</u>	<u>FY 21 - FY 22 % Change</u>
01 Maryland Correctional Enterprises	\$ 56,515,531	\$ 56,742,819	\$ 56,960,694	\$ 217,875	0.4%
01 General Administration	5,346,277	4,701,656	4,403,889	-297,767	-6.3%
01 Patuxent Institution	58,926,128	59,867,687	58,815,191	-1,052,496	-1.8%
01 Maryland Correctional Institution - Hagerstown	57,716,822	54,945,657	52,925,446	-2,020,211	-3.7%
02 MD Correctional Training Center	90,501,899	86,542,154	86,481,462	-60,692	-0.1%
03 Roxbury Correctional Institution	61,605,055	56,965,379	58,414,589	1,449,210	2.5%
04 Western Correctional Institution	67,367,406	64,526,839	68,274,442	3,747,603	5.8%
05 North Branch Correctional Institution	65,209,994	65,964,743	65,922,794	-41,949	-0.1%
01 Jessup Correctional Institution	95,013,356	96,368,550	92,708,515	-3,660,035	-3.8%
02 MD Correctional Institution Jessup	43,644,522	43,898,171	45,085,574	1,187,403	2.7%
03 MD Correctional Institution for Women	42,244,436	41,980,391	39,843,653	-2,136,738	-5.1%
04 Brockbridge Correctional Institution	3,826,154	33,296	27,137	-6,159	-18.5%
06 Southern Pre-release Unit	6,216,434	6,377,150	0	-6,377,150	-100.0%
07 Eastern Pre-release Unit	6,325,552	6,376,600	0	-6,376,600	-100.0%
08 Eastern Correctional Institution	120,789,414	122,927,068	121,627,468	-1,299,600	-1.1%
09 Dorsey Run Correctional Facility	43,288,524	43,665,569	43,819,417	153,848	0.4%
10 Central Maryland Correctional Facility	17,837,804	19,118,605	17,906,487	-1,212,118	-6.3%
Total Expenditures	\$ 842,375,308	\$ 831,002,334	\$ 813,216,758	-\$ 17,785,576	-2.1%
General Fund	\$ 776,315,163	\$ 768,466,715	\$ 750,080,059	-\$ 18,386,656	-2.4%
Special Fund	60,317,602	60,075,719	60,021,594	-54,125	-0.1%
Federal Fund	3,954,792	215,000	958,942	743,942	346.0%
Total Appropriations	\$ 840,587,557	\$ 828,757,434	\$ 811,060,595	-\$ 17,696,839	-2.1%
Reimbursable Fund	\$ 1,787,751	\$ 2,244,900	\$ 2,156,163	-\$ 88,737	-4.0%
Total Funds	\$ 842,375,308	\$ 831,002,334	\$ 813,216,758	-\$ 17,785,576	-2.1%

Note: The fiscal 2021 appropriation does not include deficiencies, targeted revenues, or across-the-board reductions. The fiscal 2022 allowance does not include contingent reductions or cost-of-living adjustments.