

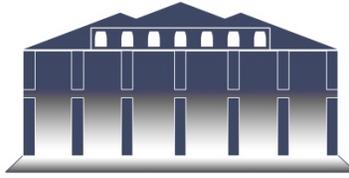
Options for Reorganizing the Division of Adult Correction and Juvenile Justice



**Final Report to the Joint Legislative
Program Evaluation Oversight Committee**

Report Number 2020-10

November 9, 2020



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November 9, 2020

Senator Brent Jackson, Co-Chair, Joint Legislative Program Evaluation Oversight Committee
Representative Craig Horn, Co-Chair, Joint Legislative Program Evaluation Oversight Committee

North Carolina General Assembly
Legislative Building
16 West Jones Street
Raleigh, NC 27601

Honorable Co-Chairs:

Session Law 2019-236 directed the Program Evaluation Division to detail costs and operational considerations associated with reorganizing the Division of Adult Correction and Juvenile Justice (ACJJ) in five specific ways. In the course of exploring these five options, the Program Evaluation Division determined a sixth option would provide additional data that could inform legislators' decision making.

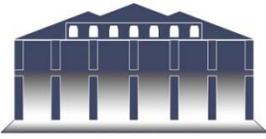
The legislation also directed PED to perform cost analyses for compensation incentive programs within alternative organizational structures of ACJJ. Compensation incentive programs can be implemented regardless of organizational structure. As such, a separate report, *Step Pay Plans Offer Remedy to Division of Adult Correction and Juvenile Justice Staffing Challenges*, addresses compensation incentive programs.

I am pleased to report that the Department of Public Safety cooperated with us fully and was at all times courteous to our evaluators during the evaluation.

Sincerely,

A handwritten signature in cursive script that reads "Kiernan McGorty".

Kiernan McGorty
Acting Director



PROGRAM EVALUATION DIVISION

NORTH CAROLINA GENERAL ASSEMBLY

November 2020

Report No. 2020-10

Options for Reorganizing the Division of Adult Correction and Juvenile Justice

Highlights

IN BRIEF: Session Law 2019-236 tasked the Program Evaluation Division (PED) with collecting and examining data on five structural reconfigurations of the Division of Adult Correction and Juvenile Justice (ACJJ) within the Department of Public Safety (DPS). Since 2012, ACJJ has been organizationally located within DPS. The division provides care, custody, and supervision for all adults and juveniles sentenced after conviction for violations of North Carolina law.

Each reconfiguration of ACJJ analyzed in this study involves portions or all of the division either exiting DPS or becoming more independent within the department. Comparative information gathered by PED fit within three broad categories:

- organizational details (structure and staff),
- costs and budgetary considerations, and
- benefits and challenges.

Additionally, legislative changes and timeline considerations necessary for realizing each option accompany the data.

DPS divisions potentially influenced by pursuing one of the six options include

- the Division of Adult Correction and Juvenile Justice;
- the Division of Professional Standards, Policy, and Planning;
- the Division of Administration; and
- the Office of General Counsel.

The table below shows additional staff needed to support a given option while maintaining DPS operations. It also shows the new costs per option, including the salary and benefits for additional staff and one-time costs.

Reconfiguration Option Name	Add. FTE Needed	Est. New Costs
Department of Correction	44	\$7.0 million
Department of Juvenile Justice	41	\$5.3 million
Department of Correction & Juvenile Justice	46	\$7.5 million
Division of Correction	8	\$1.2 million
Division of Juvenile Justice	7	\$990,000
Division of Correction & Juvenile Justice	8	\$1.1 million

The report provides background information on the current structure of ACJJ and then presents comparative information on the six options followed by individual summaries for each option.

As directed by Session Law 2019-236, the report does not endorse one option over other options but instead provides standalone and comparative information to allow legislators to determine which option, if any, would be appropriate to pursue. This report does not contain recommendations. Instead, it provides high-level budgetary estimates, organizational considerations, legislative requirements, and general timelines associated with the various reorganization options. Should the General Assembly choose to pursue a given option, affected leadership in ACJJ and DPS would need to work collaboratively in detailing exactly how to implement this option.

Purpose and Scope

Session Law 2019-236 directed the Program Evaluation Division to detail costs and operational considerations associated with reorganizing the Division of Adult Correction and Juvenile Justice (ACJJ) in five specific ways. In the course of exploring these five options, the Program Evaluation Division determined a sixth option would provide additional data that could inform legislators' decision making.¹

The legislation also directed PED to perform cost analyses for compensation incentive programs within alternative organizational structures of ACJJ. Compensation incentive programs can be implemented regardless of organizational structure. As such, a separate report, *Step Pay Plans Offer Remedy to Division of Adult Correction and Juvenile Justice Staffing Challenges*, addresses compensation incentive programs.

Structural options identified in the study's directive fit within two subgroups, wherein portions or all of ACJJ either

- exit DPS and become principal state departments or
- remain within DPS but become more independent divisions akin to the State Bureau of Investigation (SBI), which uses central DPS administration and support functions but maintains separate leadership and management functions.

For all options, the study addressed the following research question:

1. What organizational structure and associated budget, costs, legislation, implementation timelines, and operational considerations support the creation of each option independent of another?

PED collected and analyzed data from a variety of sources including

- interviews with DPS staff including ACJJ leadership and central administration support staff, Office of State Budget and Management staff, and prison management consultants;
- analysis of DPS staffing and budgetary data;
- review of reports and minutes from the Senate Committee on Prison Safety;
- formal responses from the DPS Secretary, regional prison directors, and Community Corrections; and
- other state research.

Information for each option is analyzed and presented individually. Analyses for reorganizing adult correction functions include Prisons, Community Corrections, the Post-Release Supervision and Parole Commission and all adult-related functions currently within ACJJ, whereas analysis for juvenile justice functions only include activities currently conducted within that section.²

¹ The sixth option involves the Division of Adult Correction and Juvenile Justice exiting DPS jointly and becoming a new principal department.

² Following consultation with other legislative staff divisions and analysis of other state research, the Program Evaluation Division decided to group Community Corrections with adult correction functions for the purposes of this study. However, leadership from Community Corrections and the DPS Secretary prefer that Community Corrections remains in DPS, as they feel it aligns more closely with law enforcement and public safety functions than with Prisons.

Background

In 2017, two violent prison incidents occurred in North Carolina that increased legislative interest in the functioning of the Division of Adult Correction and Juvenile Justice (ACJJ). The first incident transpired in Bertie Correctional Institution when an inmate killed a prison staff member responding to a fire. The second incident took place in Pasquotank Correctional Institution when four prisoners, attempting to escape, killed four prison staff members. Both incidents drew significant public and legislative attention to state corrections.

These events compelled the General Assembly to examine how ACJJ operates and to identify areas that legislation could address. Two committees subsequently formed to examine these issues. The Secretary of DPS convened the Prison Reform Advisory Board and the General Assembly convened the Senate Select Committee on Prison Safety.

The Senate Committee on Prison Safety determined that organizationally locating ACJJ within the Department of Public Safety contributes to or exacerbates issues within the division. The committee met periodically in the spring of 2019 and heard presentations from various legislative staff divisions as well as former Prisons employees concerning challenges faced by the division. The committee produced a report for the General Assembly that contained recommendations, one of which was to remove ACJJ from DPS. This committee's interest in organizational structures led to Session Law 2019-236, which directed the Program Evaluation Division to study various potential organizational and management structures for ACJJ. The six structural arrangements examined by PED are listed in Exhibit 1. Although PED analyzed six structural arrangements in total, each of the various restructuring configurations fits within two broad categories:

1. Creation of new departments.
2. Reorganization of DPS to promote autonomy and independence.

Exhibit 1: Six Options for Reorganizing the Division of Adult Correction and Juvenile Justice

Report Option No.	Name of New Configuration	AC/JJ Exit DPS, Become Principal State Departments	AC/JJ Become Independent Divisions Within DPS	Legislative Directive Option No.
1a	Department of Correction	✓		1
All adult-related activities presently in ACJJ and the Post-Release Supervision and Parole Commission exit DPS.				
1b	Department of Juvenile Justice	✓		2
Description: All juvenile justice activities presently in ACJJ exit DPS and become a new principal state department.				
1c	Department of Adult Correction and Juvenile Justice	✓		
All ACJJ functions and the Post-Release Supervision and Parole Commission exit DPS together.				
2a	Division of Adult Correction		✓	3
All adult-related activities presently in ACJJ and the Post-Release Supervision and Parole Commission become a more independent division within DPS like SBI				
2b	Division of Juvenile Justice		✓	4
Description: All juvenile justice activities presently in ACJJ become a more independent division within DPS like SBI.				
2c	Division of Adult Correction and Juvenile Justice		✓	5
Description: ACJJ and the Post-Release Supervision and Parole Commission become a more independent division within DPS like SBI.				

Note: ACJJ stands for Adult Correction and Juvenile Justice. DPS stands for the Department of Public Safety. Session Law 2019-236 directed the Program Evaluation Division to examine the first five options. During the course of conducting the study, the Program Evaluation Division determined a sixth option (Option 1c) would provide additional data to inform legislative decision making.

Source: Program Evaluation Division based on N.C. Sess. Law 2019-236.

Prior to 2012, the State separately conducted adult correction and juvenile justice functions independently from other public safety functions. In 2011, the General Assembly passed Session Law 2011-145, which consolidated the Department of Crime Control and Public Safety, the Department of Correction, and the Department of Juvenile Justice and Delinquency Prevention into the Department of Public Safety. The reorganization went into effect in 2012. Adult Correction and Juvenile Justice initially remained in separate divisions within DPS before merging into a single division in 2017.

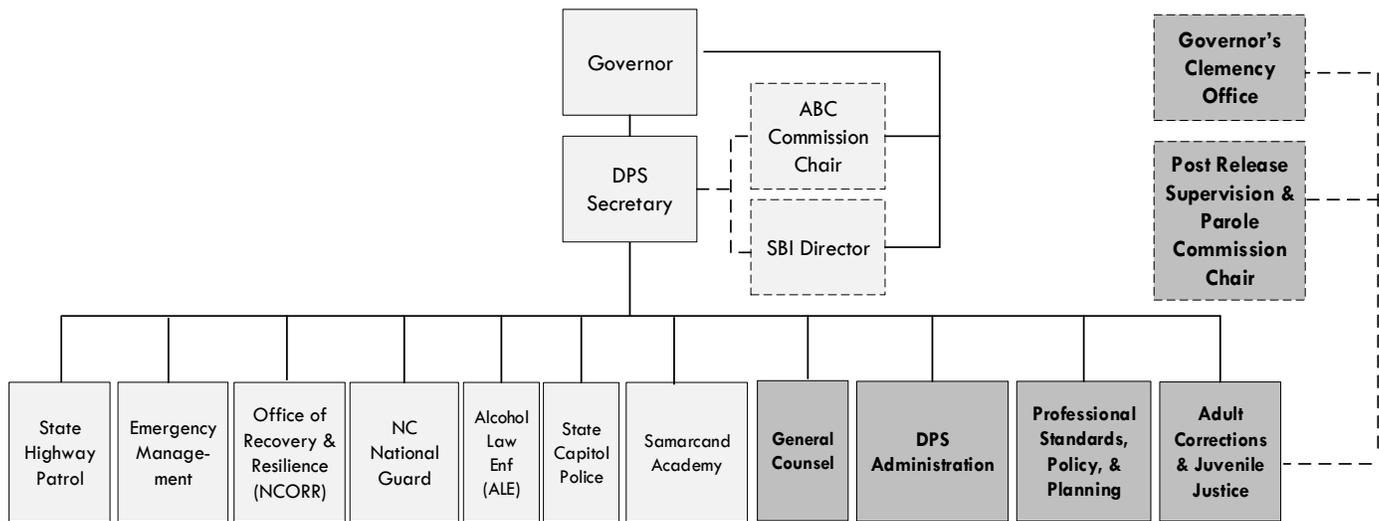
Session Law 2011-145 sought to create cost savings and improve coordination through consolidation and economies of scale. Legislation required the newly constructed DPS to eliminate positions and identify operational savings. In total, the merger eliminated

- 34 senior management positions and 60 administrative positions from the Department of Correction, and
- 20 administrative positions from the Department of Juvenile Justice and Delinquency Prevention.

In Fiscal Year 2012–13, the new DPS organizational structure led to \$1.4 million in identified operational savings and \$4.3 million in eliminated positions. It was assumed that economies of scale resulted from the merger and subsequent elimination of positions; however, the ongoing efficiency and effectiveness of the 2012 DPS merger has not been formally studied. As such, this study does not comment on whether a given option is more or less efficient than the current model.

As currently constituted, the Department of Public Safety houses several public safety functions including law enforcement, emergency management, and adult correction and juvenile justice. The organizational chart presented in Exhibit 2 depicts all divisions housed within DPS. All division directors report to the DPS Secretary, who in turn reports to the governor. ACJJ and divisions that perform functions for or in conjunction with ACJJ appear in dark gray. These divisions would potentially be affected by the organizational options examined in this study.

Exhibit 2: Department of Public Safety Organizational and Managerial Structure



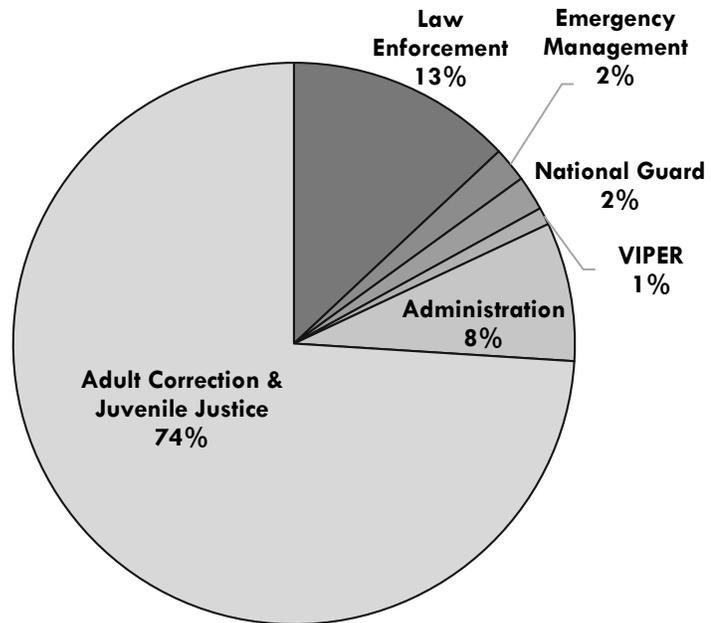
Note: Divisions shaded in dark gray would potentially be influenced by the various organizational options examined in this study. Divisions with dotted lines follow different governance and/or fiscal rules than solid line divisions.

Source: Program Evaluation Division based on the Department of Public Safety’s 2019 organizational chart.

Presently, ACJJ operations account for three quarters of DPS’s budget. Exhibit 3 separates DPS’s 2019 budget by division/function. In 2019, 74% of DPS’s budget of \$2.3 billion supported ACJJ operations. Further, 84% of all positions in DPS were located within ACJJ. Law Enforcement represents the next-largest recipient of DPS funds after ACJJ, accounting for 13% of the department’s budget.

Exhibit 3

Almost Three-Fourths of
DPS's 2019 Budget
Supports ACJJ
Operations



Source: Program Evaluation Division based on information from the Fiscal Research Division.

The Division of Adult Correction and Juvenile Justice (ACJJ) also contains several public safety functions. The three main operational sections within ACJJ are Prisons, Community Corrections, and Juvenile Justice. Although related, these sections serve distinct missions as detailed below.

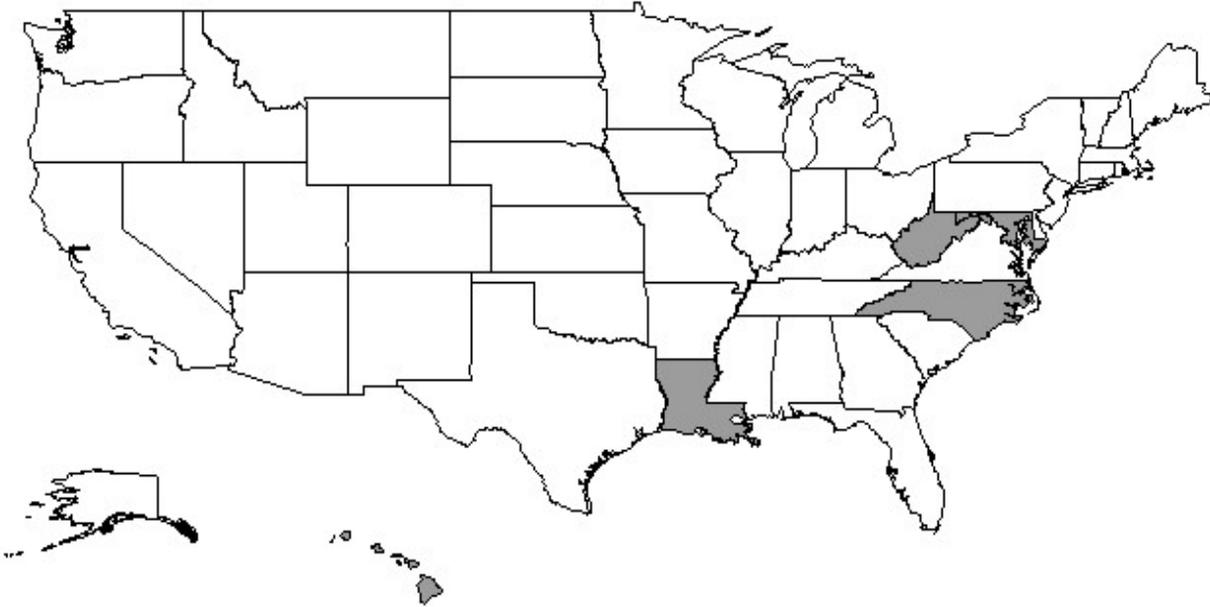
- **Prisons** seeks to promote public safety through the administration of a fair and humane system, which provides reasonable opportunities for adjudicated offenders to develop progressively responsible behavior.
- **Community Corrections** provides viable alternatives and meaningful supervision to offenders on probation, parole, or post-release supervision through control and treatment aimed at changing behavior and lifestyle patterns.
- **Juvenile Justice** is committed to reducing and preventing juvenile delinquency by effectively intervening, educating, and treating youth in order to strengthen families and increase public safety.

Prisons accounts for the majority of staff positions (78%) within ACJJ followed by Community Corrections (12%) and Juvenile Justice (7%). Other sections within ACJJ include the Special Operations and Intel Unit, the Office of Staff Development and Training, Combined Records, Reentry Programs and Services, and SHIELD (Staff Helping In Emergency Life-changing crisis or Difficult situations).

North Carolina differs from the majority of states by co-locating adult correction and juvenile justice with other public safety functions in a single principal state department. Forty-five states separate adult correction and/or juvenile justice functions from other major public safety functions such as law enforcement and emergency management. Exhibit 4 displays the four other states—Hawaii, Louisiana, Maryland, and West

Virginia—that co-locate public safety functions in a manner similar to North Carolina.

Exhibit 4: North Carolina is One of Five States that Co-Locates Adult Correction/Juvenile Justice with Other Public Safety Functions in a Principal State Department



Source: Program Evaluation Division based on other state research.

The five states that co-locate public safety functions vary in terms of the autonomy and structure of adult correction and juvenile justice functions within a larger department. The ways in which the four states differ from North Carolina are as follows:

- West Virginia’s adult correction division maintains financial independence within its state department and receives direct appropriations, whereas appropriations for ACJJ in North Carolina go directly to DPS.
- Maryland adult correction activities are housed within a larger public safety agency, but unlike North Carolina, the state maintains a separate Juvenile Justice department.
- Louisiana’s Department of Correction contains similar but fewer public safety functions compared to North Carolina. For example, emergency management, the Adult Beverage Commission, and State Bureau of Investigation functions reside within other agencies in Louisiana.
- Hawaii’s Department of Public Safety only contains the Division of Correction and Law Enforcement, representing fewer public safety functions than North Carolina’s DPS.

Although no one approach to structuring adult correction and juvenile justice functions has been demonstrated to be more successful than any other, these functions more commonly exist independent from other public safety functions within their own principal departments or cabinet-level

agencies. Options 1a-1c outlined in this study would remove portions or all of ACJJ from DPS and establish them as principal departments, mirroring the majority of other states. Options 2a-2c keep ACJJ functions within DPS and mirror the approaches taken by the four states highlighted above.

Study Approach and Comparison of Options

The Program Evaluation Division (PED) generated organizational, budgetary, and cost details for six different reconfigurations of the Division of Adult Correction and Juvenile Justice (ACJJ).

PED collected data for each item specified by the legislation directing this study. The information gathered fit within three broad categories:

- organizational details,
- costs and budgetary considerations, and
- benefits and challenges.

The following section provides comparative data and information on the six organizational options according to these three categories.

Organizational Details

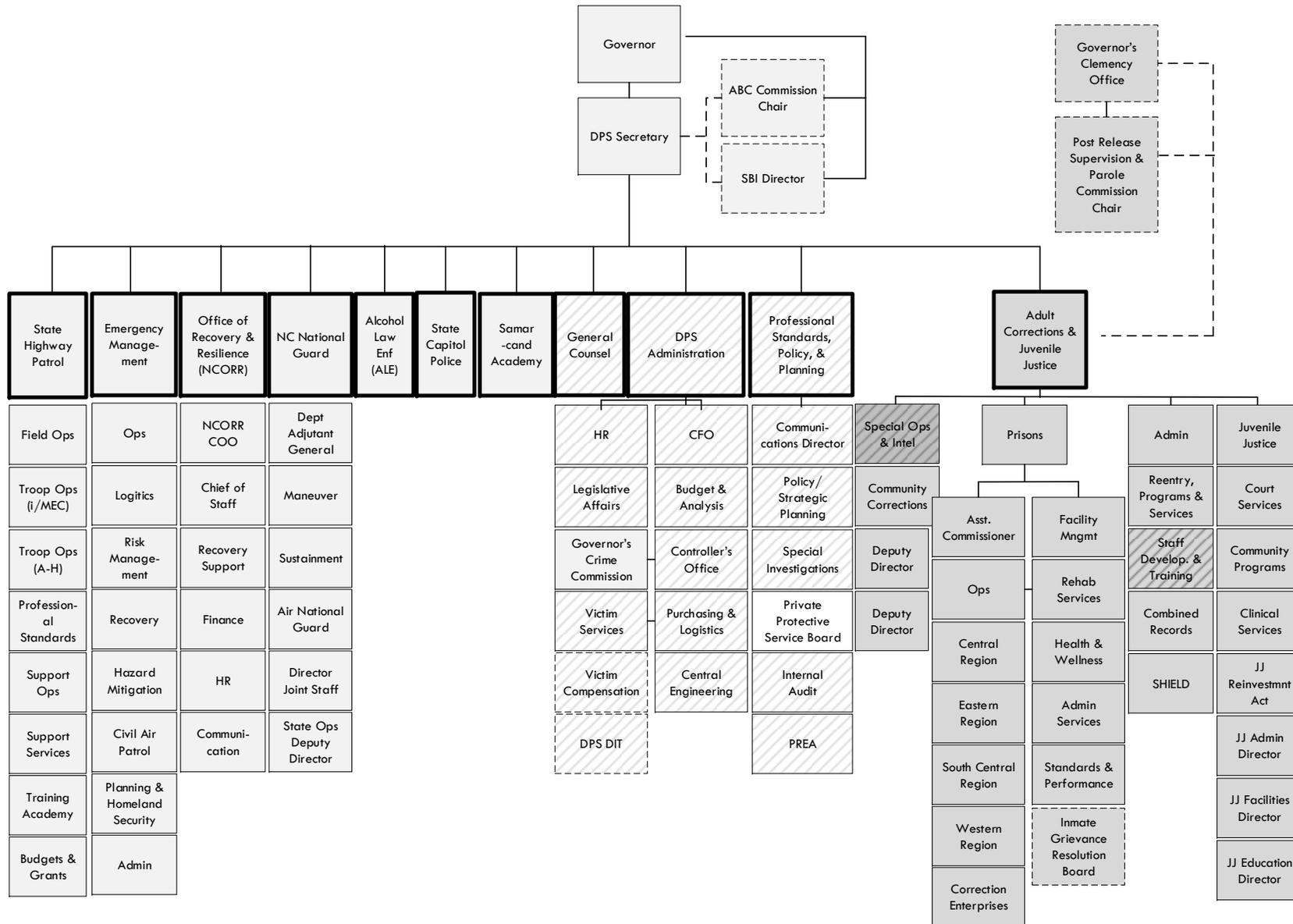
The chart in Exhibit 5 depicts the current organizational structure of DPS. The report refers to units outlined in **dark black lines** as divisions and those units housed within divisions as sections. The four divisions potentially affected by the six options are

- the Division of Adult Correction and Juvenile Justice;
- the Division of Professional Standards, Policy, and Planning;
- the Division of Administration; and
- the Office of General Counsel.

The latter three of these four divisions support all DPS functions including ACJJ.

The structure for each reconfiguration option mirrors the current structure of ACJJ and DPS. Any potential reorganization would require leadership to determine the precise organizational structure and relationships best suited to the chosen option. Organizational charts for each option are included in the Option Summaries section.

Exhibit 5: Current Organizational Structure of Department of Public Safety



Note: Units highlighted in **solid light gray** are unaffected by the options analyzed in this report. Units highlighted in **dark gray** are directly affiliated with ACJJ. Units highlighted in **light gray with diagonal stripes** provide administrative or support services for all of DPS. Units highlighted in **dark gray with diagonal stripes** are ACJJ units that serve both adult-related and juvenile-related functions.

Source: Program Evaluation Division based on organizational charts provided by the Department of Public Safety.

PED determined all six options examined in this study require that some staff currently located in central DPS divisions and shared ACJJ sections be relocated or duplicated to support the new option as well as DPS. As described in the Background, when Session Law 2011-145 established DPS in 2012, some administrative and support staff positions within the independent entities joining the new department were eliminated. Therefore, removing any portion of DPS now would require subsequent adjustment in staffing for shared administrative and support offices as well as at the leadership and management levels. Whereas some positions, primarily at the operations level, could transfer out of DPS without diminishing the agency’s ability to function, in other instances positions would need to be duplicated. For example, a new department would need a secretary just as DPS will continue to need a secretary.

Based on estimates provided by DPS of staff time spent on adult correction or juvenile justice functions, PED estimated full-time equivalents (FTE) needed per section, per option. Calculations distinguished between which positions could transfer from current DPS staff into the new organizational entity and which positions would need to be duplicated. Exhibit 6 enumerates the number of additional (duplicated) positions needed per option to support operations in the new entity and in DPS.

Exhibit 6: Additional FTE Needed to Staff ACJJ Reconfigurations

Report Option No.	Name of New Configuration	Additional FTE Needed
1a	Department of Correction	44
1b	Department of Juvenile Justice	41
1c	Department of Adult Correction and Juvenile Justice	46
2a	Division of Adult Correction	8
2b	Division of Juvenile Justice	7
2c	Division of Adult Correction and Juvenile Justice	8
Note: FTE provided by DPS for related sections for this study total 22,144, of which 21,464 are housed in ACJJ. Adult correction FTE represents 93% of the ACJJ total whereas juvenile justice FTE represents 7%.		

Source: Program Evaluation Division based on analysis of DPS estimates and BEACON data.

Options 1a-1c require a greater number of additional FTE compared to Options 2a-2c because newly established departments would require full independent administrative and support staff sections as well as full leadership and management teams. Additional FTE needed for Options 2a-2c primarily represent leadership or management positions; in these scenarios, adult correction and/or juvenile justice divisions would continue to access central DPS administrative and support staff services.

Costs and Budgetary Considerations

Implementing the options would incur recurring and one-time costs.

Recurring costs per option include additional staff and, potentially, new office space. Staffing costs include salary and benefits. The Department of Administration facilitates leasing of office space and indicated costs are highly variable and that new organizational configurations may be able to use current office space. Even if new space is required, these costs may fit within currently appropriated funds for office space. As a result, office space costs are not included in estimated cost totals. Additionally, most technology costs represent transfers rather than new costs, and therefore they are not included in one-time costs.

The Program Evaluation Division only calculated one-time costs for exit options (1a-1c) that involve establishing a new principal department and therefore require rebranding and replacing materials carrying logos such as uniforms, letterhead, business cards, and building signs. Options 2a-2c do not require rebranding as they represent internal reconfigurations within DPS.

Currently, Correction Enterprises (CE) provides branded items to ACJJ. As such, current appropriations cover the cost of these items, though not necessarily within the timeframe required. For example, Correctional Officer uniforms are updated and replaced, but not typically all at once. As a result, the cost estimates provided by CE would vary based on the expectations of leadership regarding turnaround time.

Aside from rebranding, other one-time costs include variable items such as new equipment and supplies for new staff. The Department of Administration (DOA) equips offices with supplies; however, depending on the expansion of staff per option and transfer of supplies and equipment, related one-time costs could vary. Exhibit 7 compares new costs associated with each option.

Exhibit 7: New Costs are Lowest for Options 2a-2c that Keep ACJJ Functions Within DPS

Option Number: Name	Principal Department outside DPS			Independent Division within DPS		
	1a: Adult Correction	1b: Juvenile Justice	1c: Adult Correction & Juvenile Justice	2a: Adult Correction	2b: Juvenile Justice	2c: Adult Correction & Juvenile Justice
Recurring Costs: New FTE Salary + Benefits	\$5.4 million	\$5.2 million	\$5.8 million	\$1.2 million	\$990,000	\$1.1 million
One-Time Costs	\$1.6 million	\$136,000	\$1.7 million	\$0	\$0	\$0
Total New Costs	\$7 million	\$5.3 million	\$7.5 million	\$1.2 million	\$990,000	\$1.1 million

Note: Benefit calculations related to retirement are based on a 21.44% rate, as the salary data used was current as June 30, 2019. In Fiscal Year 2020–21, the rate was adjusted to 21.68%. This 0.24% increase represents an additional \$2,400 per \$1 million.

Source: Program Evaluation Division based on FTE data provided by DPS and BEACON salary data.

As shown in Exhibit 7, the options in which portions or all of ACJJ exit DPS (1a-1c) incur greater costs because they require more staff to support operations both in a newly created department and within DPS. Also, the principal department options all require one-time rebranding

costs that the independent division options do not. Implementing Options 1a and 1b jointly (two new principal departments) would cost more than Option 1c alone. The cost to staff a Division of Adult Correction (2a) is similar to the staff costs of a Division of Adult Correction and Juvenile Justice (2c) because Juvenile Justice FTE currently represents only 7% of all FTE in ACJJ. Therefore, the comparative cost of implementing Options 2a and 2b jointly compared to implementing Option 2c alone is somewhat similar.

Lapsed Salaries

Although each of the options would change DPS's access to lapsed salaries and the budgetary flexibility lapsed salaries can provide, they would not produce new budgetary deficits for DPS. Lapsed salaries represent the dollar amounts (salaries and benefits) that have been appropriated for positions but are not expended because the positions are vacant. During that time, the funds can be used for one-time non-recurring expenditures. Using lapsed salaries in this way offers agencies some budgetary flexibility to cover required costs. However, DPS primarily uses lapsed salaries from divisions to cover budgetary needs within the same division.

Since Fiscal Year 2014–15, DPS has twice used lapsed salaries from adult correction funds to cover shortfalls outside of the Division (in 2014–15 and 2015–16). Conversely, DPS used lapsed salaries from divisions outside of Adult Correction only once, in 2017–18, to cover Correction budget shortfalls. The only time the department used Juvenile Justice lapsed salary funds outside of the Section was in 2017–18, to aid the Correction section. Therefore, even though the use of lapsed salary funds is central to the financial operations of DPS, it is not likely that moving the adult, juvenile, or both sections of ACJJ outside of DPS will create financial, structural deficits in DPS related to lapsed salaries. It is more likely that a new Department of Correction or Correction and Juvenile Justice would use its own lapsed salaries to address those issues, as it has in four of the last five years.

Budget Estimates for Fiscal Year 2021–22

The estimated 2021–22 budgets presented with each option rely on Fiscal Year 2018–19 figures for the following items³:

- operations and staff costs by section fund code, including central administrative or support operating costs proportional to the staff needed;
- one-time costs; and
- new position requirements based on additional FTE needed for DPS if an option is selected.

Exhibit 8 offers a comparison of the total budgetary estimates per option and the constituent items that make up these totals.

³ The Program Evaluation Division did not take into account expansion requests as they change yearly and because the previous year's budget was not formally approved by the General Assembly. Additionally, inflation was not included in calculations as departments do not use it in calculating requests and General Assembly budgetary staff divisions do not use it to calculate projections or estimates.

Exhibit 8: Estimated Fiscal Year 2021–22 Budgets for Each Option

	Principal Department outside DPS			Independent Division within DPS		
	1a: Adult Corrections	1b: Juvenile Justice	1c: Adult Correction & Juvenile Justice	2a: Adult Corrections	2b: Juvenile Justice	2c: Adult Correction & Juvenile Justice
One-Time Costs	\$1.6 million	\$136,000	\$1.7 million	\$0	\$0	\$0
Total Salary + Benefits (new and existing)	\$1.10 billion	\$91.9 million	\$1.16 billion	\$1.04 billion	\$75 million	\$1.11 billion
2019 Salary + Benefits for Comparison Only	\$1.19 billion	\$80.0 million	\$1.27 billion	\$1.19 billion	\$80 million	\$1.27 billion
ACJJ Operating Costs	\$455 million	\$61 million	\$516 million	\$455 million	\$61 million	\$516 million
Portion of DPS Admin Operating Costs	\$11.6 million	\$1.7 million	\$13.2 million	\$0	\$0	\$0
Total Budgetary Estimate	\$1.57 billion	\$154.7 million	\$1.7 billion	\$1.5 billion	\$136 million	\$1.63 billion

Source: Program Evaluation Division based on FTE data provided by DPS and BEACON salary data.

Benefits and Challenges

Based on interviews and formal responses gathered from DPS staff, PED identified three primary considerations informing perceptions of the various ACJJ reorganization options:

- leadership,
- budget and finances, and
- internal processes.

These factors are explored in greater detail in the following sections, both in terms of ACJJ's current operational structure as well as given the hypothetical adoption of each of the reorganization strategies. A formal response from DPS is located at the end of the report.

Leadership: Benefits and Challenges

All reconfigurations of ACJJ increase the autonomy of leadership and access to policymakers and may also shift the internal culture of the given entity, but not all staff believe these changes are needed.

Presently, directors of DPS divisions such as ACJJ report to the DPS Secretary, who in turn reports to the governor. Some DPS staff stated that the current structure is successful, that leadership at all levels work collaboratively, and that no changes are needed. The main benefit of the current management-level structure rests in the ability of the DPS Secretary to succinctly communicate all public safety needs to policymakers.

However, other staff feel that having a layer of management between ACJJ and the governor impedes full communication of ACJJ priorities and needs to policymakers. Staff described the challenge for one secretary to balance the agency's diverse needs and communicate them equally to

elected leaders given time constraints. Additionally, as a division of DPS, ACJJ does not have its own legislative liaisons or communications staff who would aid in conveying the division's needs and priorities to policymakers.

DPS staff also emphasized the belief that Prisons, Community Corrections, and Juvenile Justice represent distinct entities with different activities and cultures. Juvenile Justice serves youth and adheres to different policies and laws than the adult-oriented sections. Meanwhile, Prisons primarily deals with people in custody whereas Community Corrections manages people released back into the community. Based on these differences, the three entities would like to operate separately from each other with unique leadership that represents each entity's work and culture.

Changing the structure of ACJJ could foster more direct connectivity between leadership in Adult Correction, Juvenile Justice, or both entities and policymakers, ensure greater alignment between the activities of the organization and the background of its leader, remove layers of management, and give leadership the ability to make decisions and implement processes reflective of organizational needs. On the other hand, such a shift would incur costs and sever currently co-located and collaborating public safety sections, particularly with respect to the relationships between Community Corrections and other law enforcement sections within DPS.

Exhibit 9 summarizes benefits and challenges related to leadership for the current structure of ACJJ and for the six studied options.

Exhibit 9: Leaderships Benefits and Challenges of Various ACJJ Structures

Structure	Benefits and Challenges to Leadership in Current and Proposed Alternative Organizational Structures	
Current Structure	<p>Summary: The DPS Secretary is appointed by and reports to the governor. He or she represents law enforcement, emergency management, and adult correction and juvenile justice interests to policymakers. The ACJJ Chief Deputy Secretary reports to the DPS Secretary. The Juvenile Justice Deputy Secretary reports to the ACJJ Chief Deputy Secretary.</p>	
	<p>Benefits:</p> <ul style="list-style-type: none"> • Cost savings • Potential for more collaboration between divisions of DPS than would otherwise occur under a separate or more independent structure • Policymakers receive all public safety concerns from one source (the DPS Secretary), streamlining communication 	<p>Challenges:</p> <ul style="list-style-type: none"> • ACJJ leadership cannot directly access policymakers to communicate issues and needs • ACJJ leadership lacks full autonomy despite representing three-quarters of DPS budget and 84% of staff size. ACJJ leadership must use DPS processes and receive DPS approval for decisions • Perceived misalignment at the leadership and operational level between DPS leadership and the distinct entities within ACJJ
Options that Establish New Departments Outside DPS (1a-1c)	<p>Summary: Options 1a-1c remove portions (adult or juvenile) or all of ACJJ from DPS, making them principal state departments. New department leader(s) report directly to the governor. The department would staff legislative liaisons and communications staff to relay department issues and needs to policymakers and the public.</p>	
	<p>Benefits:</p> <ul style="list-style-type: none"> • Removal of layer of management and processes, enabling leaders of new entities to manage them • Leaders of new entities can directly access policymakers, enabling clear communication of department needs. • Greater cultural alignment within the given entity and between the leader and the entity. 	<p>Challenges:</p> <ul style="list-style-type: none"> • Removal of management and process layers requires establishment of new structures within new principal departments, creating additional costs • Leaders of new organizational structures with direct access will need to be able to establish relationships with policymakers and internal staff to provide clear communication on department issues and needs
Options that Establish Independent Divisions in DPS (2a-2c)	<p>Summary: Options 2a-2c shift portions (adult or juvenile) or all of ACJJ from subordinate divisions in DPS that report to the DPS Secretary to independent divisions in which the leader reports to the governor. The division would staff legislative liaisons and communications staff to relay division issues and needs to policymakers and the public.</p>	
	<p>Benefits:</p> <ul style="list-style-type: none"> • Leaders of divisions can directly access policymakers, enabling clear communication of department needs. • Greater cultural alignment within the given entity and between the leader and the entity 	<p>Challenges:</p> <ul style="list-style-type: none"> • Added costs • Potentially creates confusion regarding roles and responsibilities of leaders and which entity retains power to dictate decisions and process requirements, particularly with respect to shared services

Note: Establishing a more independent structure accounts for all options in which portions or all of ACJJ exit DPS or become more independent divisions within it.

Source: Program Evaluation Division based on the Senate Committee for Prison Safety's final report and meeting minutes as well as interviews of ACJJ staff.

Budget and Finances: Benefits and Challenges

All options examined are more costly compared to the current structure due to the need for additional staff, but reconfigurations may allow for faster and more accurate decision making and communication regarding budgetary needs. DPS currently manages ACJJ's budget and finances, which accounts for 74% of the department's total budget. DPS leadership makes budget and financial decisions for all of DPS and central staff manage finances for the entire agency. Separating adult correction in particular would allow leadership and staff within a new department to directly control and manage its finances.

Centralizing administrative services and other support functions related to budget and finances within DPS enables the department to employ fewer people and save money. Establishing new departments would cost additional funds for adding support staff and for related operating expenditures. However, DPS staff noted the 2012 merger of public safety functions into one department led to understaffing.

Currently, central DPS budgetary staff manage the department's lapsed salary funds, which are used to pay costs that the regular budget does not cover such as contract nursing positions. Shifting ACJJ outside of DPS would not affect the potential need to use lapsed salaries in ACJJ or in other areas of DPS. At present, ACJJ lapsed salary funds primarily cover ACJJ budget shortages. As such, separating ACJJ from DPS would likely not result in significantly different usage of ACJJ lapsed salaries. However, separating these funding sources may make it easier to communicate budgetary shortfalls to policymakers, particularly inmate healthcare costs in adult correction.⁴

Exhibit 10 summarizes benefits and challenges related to budget and finances for the current structure of ACJJ and for the six studied options discussed below.

⁴ Program Evaluation Division. (2018, October). *Four program evaluation division reports on efficiency and economy of inmate healthcare services*. Report to the Joint Legislative Program Evaluation Oversight Committee. Raleigh, NC: General Assembly.

Exhibit 10: Benefits and Challenges of Various Structures on Budget and Finance

Structure	Benefits and Challenges to Budget and Finances in Current and Proposed Alternative Organizational Structures	
Current Structure	Summary: Central DPS primarily manages the budget and finances that support department activities and staff.	
	Benefits: <ul style="list-style-type: none"> • Co-locating public safety functions allows for cost savings related to shared staff activities and tasks • Divisions within DPS may have access to more resources because of the size and scope of the department's work • Central DPS budgetary staff address budgetary issues in divisions and cover budget shortages 	Challenges: <ul style="list-style-type: none"> • Divisions must follow DPS budget processes to make financial decisions like approving purchases or hiring personnel, compromising timeliness and control • Policymakers may not fully understand the extent to which appropriations fulfill operational needs within divisions because central DPS budget staff make sure all division shortfalls are covered from agency's finances
Options that Establish New Departments Outside DPS (1a-1c)	Summary: Options 1a-1c remove portions (adult or juvenile) or all of ACJJ from DPS, making them principal state departments. Leaders and staff within the new departments would manage budgets and finances.	
	Benefits: <ul style="list-style-type: none"> • Removal of layer of management that requires approval for financial decisions • Financial health of new entity and DPS is directly communicated to policymakers 	Challenges: <ul style="list-style-type: none"> • Added costs of additional staff • Loss of expertise in managing challenging finance and budget issues within DPS
Options that Establish Independent Divisions in DPS (2a-2c)	Summary: Options 2a-2c shift portions (adult or juvenile) or all of ACJJ from subordinate divisions in DPS that report to the DPS Secretary to independent divisions in which the leader maintains control over budget and finance decisions and the division contains some of its own budget and finance staff.	
	Benefits: <ul style="list-style-type: none"> • Division leadership can control budget and finance decisions and can staff internal positions related to managing these items 	Challenges: <ul style="list-style-type: none"> • Potentially creates confusion regarding roles and responsibilities of budget and finance staff in the division and DPS • May not address or improve current issues around decision-making authority and speed

Source: Program Evaluation Division based on interviews of ACJJ staff.

Internal Operations: Benefits and Challenges

Reorganizing ACJJ may improve current operational inefficiencies but would also lead to the loss of some benefits. Consolidating administrative processes and internal operations for multiple public sector functions carries the potential to increase efficiency and collaboration. For example, Prisons, Community Corrections, the Special Operations and Intelligence Unit within ACJJ, the State Highway Patrol, and the State Bureau of Investigation all operate within DPS and share criminal intelligence data on security threats at the local, state, and national level.

However, DPS staff noted that given the diversity of functions within the department, using the same processes for different entities does not always yield efficient results. Additionally, in interviews with central DPS staff and division leadership, confusion arose when PED staff asked which entity designed and controlled administrative and support processes and where these processes were documented.

As such, separating ACJJ functions from other DPS functions could increase ACJJ's efficiency because the division would have the autonomy to tailor certain processes to its specific needs. Further, separating ACJJ from DPS would dissolve one layer of necessary administrative approval, which might further increase efficiency, particularly regarding hiring and purchasing decisions. However, in options that separate ACJJ from DPS, certain benefits that stem from being part of a large-scale department would be lost.

The State Bureau of Investigation serves as a model of an independent division that exists within DPS and relies upon the department to design its internal process. SBI staff extolled some benefits of the model, pointing to DPS's expertise as it pertains to certain processes. However, SBI staff also discussed inefficiencies that occur when processes are unclear to the bureau or are particularly slow. In a department of 26,000 employees, centralizing internal processes means some divisions will experience delays.

Exhibit 11 summarizes benefits and challenges related to internal operations for the current structure of ACJJ and for the six studied options.

Exhibit 11: Options for the Organizational Structure of ACJJ Have Benefits and Challenges for Internal Operations

Structure	Benefits and Challenges to Internal Operations in Current and Proposed Alternative Organizational Structures	
Current Structure	Summary: DPS central staff (e.g., human resources, central engineering, purchasing, other administrative and support service staff) serve all divisions within the department. Some divisions designate a few internal staff to address these items but the majority of internal administrative or support structures are centralized based on the 2012 DPS merger. Due to the size and scope of DPS, internal operations can support functions that small departments could not.	
	Benefits: <ul style="list-style-type: none"> • Cost savings • Potential efficiencies gained • Size of department gives it the ability to provide divisions with services that are unavailable to smaller departments 	Challenges: <ul style="list-style-type: none"> • Staffing decreases from centralization may not have been entirely offset by efficiency gains. Processes and operations appropriate for one division may not work for another • DPS staff presently seems to lack awareness of how, why, and by whom operational procedures are designed and shared
Options that Establish New Departments Outside DPS (1a-1c)	Summary: Options 1a-1c remove portions (adult or juvenile) or all of ACJJ from DPS and employ internal administrative and operational staff to design and implement tailored processes to meet departmental needs.	
	Benefits: <ul style="list-style-type: none"> • Each department hires appropriate levels of staff, within budget constraints, to design and support efficient internal operations 	Challenges: <ul style="list-style-type: none"> • Increased staff and operating costs • Hiring appropriate levels of staff to support efficient internal operations will incur initial costs and departments may have challenges in recruiting individuals with necessary experience or talent
Options that Establish Independent Divisions in DPS (2a-2c)	Summary: Options 2a-2c shift portions (adult or juvenile) or all of ACJJ from subordinate divisions in DPS that report to the DPS Secretary to independent divisions in which leadership maintains control over budget and finance decisions; however, administrative and operational processes would continue to be determined by central DPS.	
	Benefits: <ul style="list-style-type: none"> • Divisions hire additional staff and design internal operations, leading to increased efficiency 	Challenges: <ul style="list-style-type: none"> • Increased staff costs • Divisions must still adhere to some central DPS operational processes, potentially leading to inefficiencies

Source: Program Evaluation Division based on interviews of ACJJ staff.

In summary, all potential options, including maintaining the current operational structure, present tradeoffs.

- Entirely separating ACJJ from DPS (Options 1 a-1 c) addresses issues of leadership access to policymakers, inefficient administrative processes, budget transparency, and cultural misalignment depending on the option selected. However,
 - separation as one principal state department—ACJJ together (Option 1 c)—is costly and does not address the unique needs and different activities of Prisons, Community Corrections, and Juvenile Justice and
 - separation of one or both functions—Adult Correction (Option 1 a) and Juvenile Justice (Option 1 b) separately—is also costly.
- Making ACJJ an independent division or divisions within DPS (Options 2a-2c) may address leadership access to policymakers at less cost than Options 1 a-1 c. However,
 - independent divisions carry the risk that inefficient administrative processes and perceived cultural misalignment between and among entities may persist and
 - the consequences of an independent division the size of those in Options 1 a or 1 c receiving administrative and operational support from DPS are unknown.
- Maintaining the current structure poses challenges expressed by DPS staff that include the lack of a direct connection to policymakers, lack of managerial autonomy, and persistence of inefficient processes. However,
 - establishing any option costs additional funds and does not guarantee all present issues will be resolved.

Option Summaries

This section provides detailed summaries for each of the six structural options including a description of the organizational structure, estimated costs for implementation, estimated budget, and benefits and challenges. Each option summary contains a narrative and table explaining the structure, costs, budget, and benefits and challenges. Exhibit 12 displays the template for the option summaries and explains each of its constituent components.

Exhibit 12: Example of Option Summary

Summary: Explanation of how the option changes the structure of ACJJ as well as a sentence that provides an overview of the approximate costs, full-time equivalency (FTE) positions needed for the new structure and to replace positions that leave DPS, and the estimated budget for Fiscal Year 2021–22.

Estimated New Cost: Summary of new costs to support the option (one-time, recurring,).

Estimated Budget for Fiscal Year 2021–22. Estimated budget the Program Evaluation Division built for the new option based on Fiscal Year 2018–19 figures.

Timeline: Identification of the main action items that would need to be completed for the new organizational structure and a corresponding estimated timeline based on DPS staff and expert input.

Benefits and Challenges: Summary of benefits and challenges involved in implementation of the given option according to current DPS staff.

Organizational Charts

Organizational charts for the new department or division and for DPS. The organizational charts are only intended to illustrate the operational work units that would be subject to reorganization under each option. Supervisory and reporting structures would need to be determined by agency leadership in the event an option was chosen for implementation.

One-Time Costs

One-time costs are incurred as a result of rebranding a new department or division and paying for associated supplies like uniform patches, building signs, letterhead, and business cards. Also included are items such as transferring technology licenses and hardware such as servers. Finally, one-time costs include additional office equipment needed to support additional FTE such as desks, computers, and phones. These items range in cost and would need to be established if and when a given option was selected.

Additional Positions Needed

FTE: This section outlines the number of FTE required beyond current levels to staff the new structure and continue to staff DPS (where relevant) to operational standards.

2021-22 Estimated Budget

A budget for each option related to expenditures, calculated in relation to Fiscal Year 2018–19 figures for these items and extrapolated based on the proportion of related expenditures associated with central administrative functions.

Overview of Legislative Changes Needed to Execute Option

High-level summary of the areas of statute that need to be adjusted to support the given option and the types of adjustments needed.

FTE by Section

This table illustrates the extent to which current DPS staff would exit or remain in DPS to support the new structure. It also details the sections that would require additional staff to support the new department-based options and DPS.

Option 1a: Department of Correction (DOC)

Summary: In this option, all functions currently located within the Division of Adult Correction and Juvenile Justice (ACJJ), except for those associated with Juvenile Justice and the Post-Release Parole and Supervision Commission, exit the Department of Public Safety (DPS) and become a principal state department. The leader or secretary of DOC reports directly to the governor and DOC employs its own legislative liaisons and administrative and support staff. Juvenile Justice, which currently resides in ACJJ, could remain in DPS, become a more independent division within DPS (Option 2b), or exit DPS (Option 1b). The organizational chart below depicts the entities in the new DOC. This option

- would cost at least \$8 million in the first year in new funding (\$1.6 million in one-time costs and \$5.4 in new, recurring staffing costs),
- requires 20,368 FTE to support its functioning and 44 new FTE to fully staff the new option and DPS, and
- has an estimated state budgetary requirement of \$1.57 billion for Fiscal Year 2021–22.

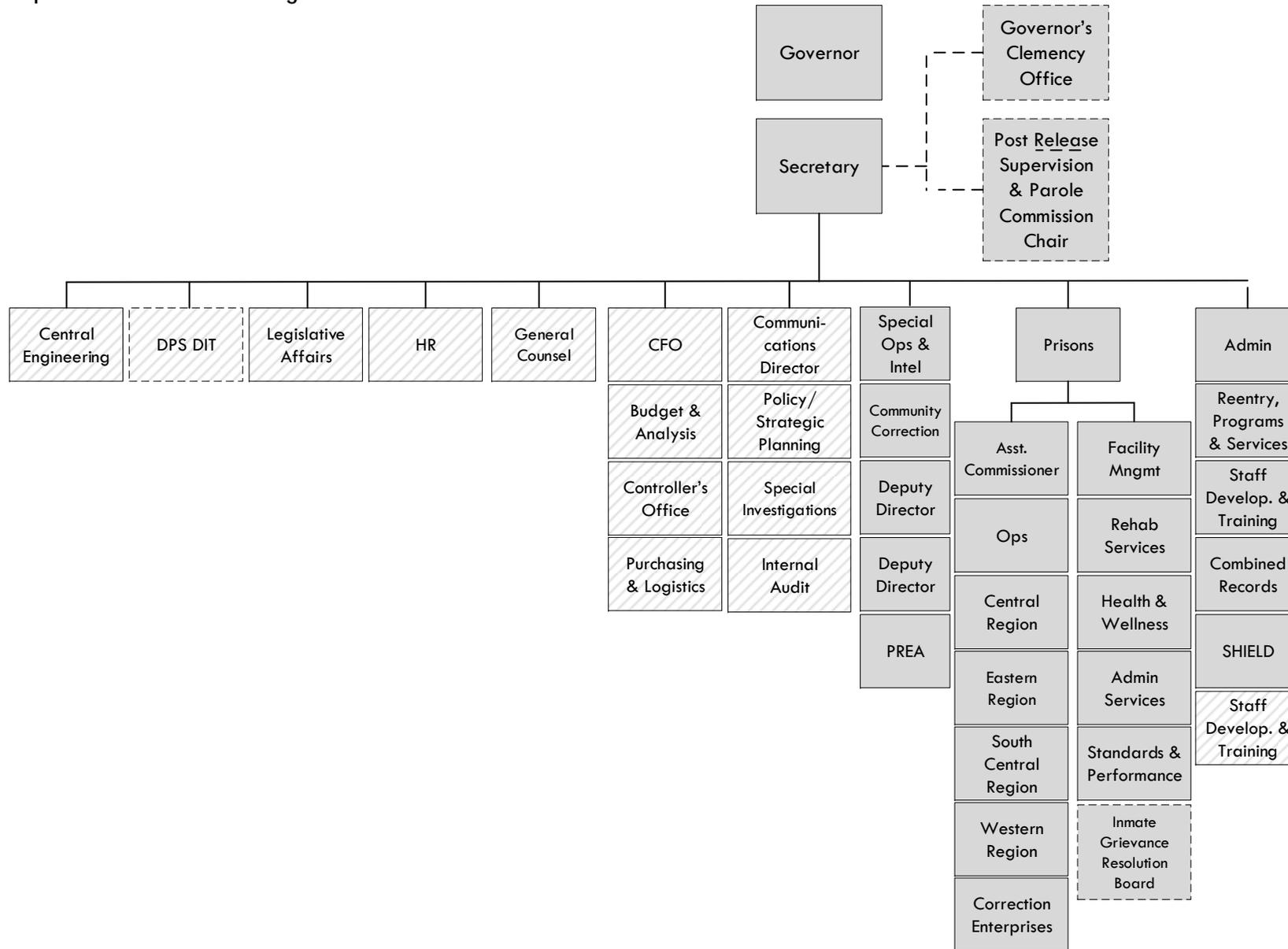
Cost: New costs total \$7 million, which includes one-time costs to rebrand and establish a new department as well as recurring personnel costs (salary and benefits) necessary to support DPS functions after some central staff exit the agency to support the new department. Costs will range based on the time that the General Assembly and DOC allow for rebranding and the extent to which new office space would be needed. The current budget provides for all items that would potentially need to be rebranded, but if these items needed to be updated simultaneously and immediately, additional costs would be incurred.

Estimated Budget for Fiscal Year 2021–22. The Program Evaluation Division built an estimated budget by detailing the FTE required for the Department of Correction, using feedback from DPS staff on the extent to which central staff support the adult correction section of ACJJ and adjusting when necessary. A summary table below provides the breakdown of FTE based on the current total by section, how many FTE would exit DPS to support DOC (20,368) and how many new FTE DPS (44) would need to maintain operations in DPS and the new entity. PED used these FTE counts to calculate DOC's salaries and benefits, which account for \$1.1 billion of the \$1.57 billion in estimated Fiscal Year 2021–22 department expenditures. The estimate also includes the operational costs that support staff and the estimated one-time costs.

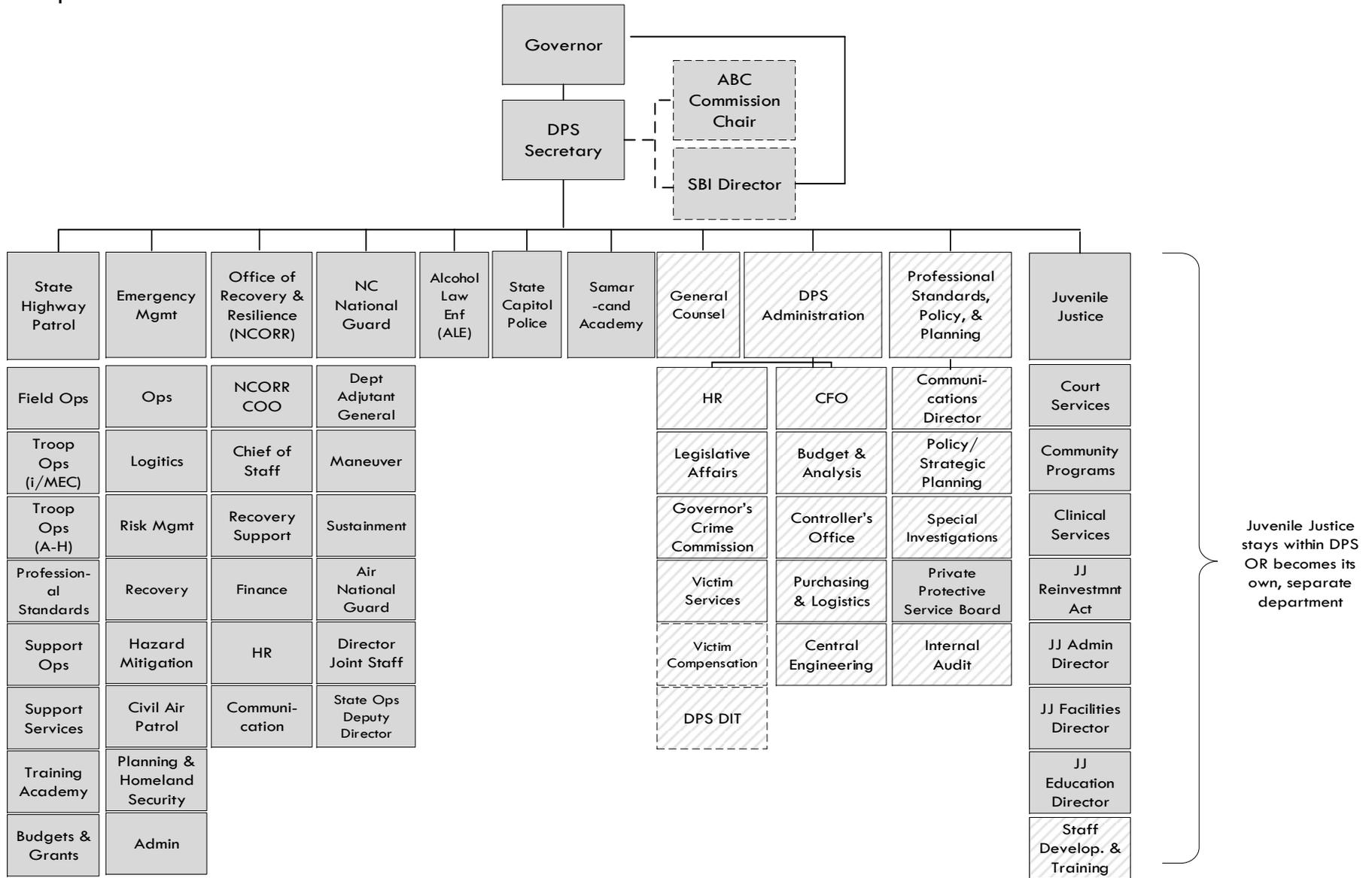
Timeline: DPS staff stressed the importance of allowing ample time for any option to fully materialize and stated this option requires 12 months. The first six months would include development of plans to restructure staff and develop a detailed budget to support the staff and functions of the agency. It would also include protocol development for new administrative processes that would be housed internally. Finally, it would include a plan to transfer all relevant programs and services related to technology systems or applications and any other relevant items from DPS to DOC. The latter six months allow for the execution of transfers (staff, processes, and applications), verification of budget development, and application of new protocols and procedures. This option could be implemented concurrently with or independent of Options 1b or 2b.

Benefits and Challenges: The benefits of this option include establishing a direct connection between correction-based leadership and the governor and legislature as well as allowing DOC leadership to develop internal policies and protocols to support efficient and effective operations. The structural changes do not solve financial issues currently experienced in adult correction, particularly those concerns related to inmate healthcare. However, adoption of this structural configuration may allow the new DOC to more clearly communicate its financial needs to policymakers. Challenges associated with this option include initial and recurring costs as well as the logistics of setting up a new department and separating Adult Corrections from Juvenile Justice.

Department of Correction Organizational Chart



DPS if Department of Correction Is Created



Option 1a: Department of Correction Summary Table

New Costs

**Year One
New Costs
\$7.0 million**

- One-Time: **\$1.6 million**
- New Recurring Personnel: **\$5.4 million**

One-Time Costs

**Estimated
\$1.6
million**

Relevant Agency	Items Provided	Est. Total Cost
Correction Enterprises	Uniforms, business cards, letterhead, car magnets, building signs, logo redesign	\$1.5 million
Dept. of Administration	New office space (if required), moving costs and equipment	Highly variable
Dept. of Information Technology	No cost associated with migrating technology systems and applications	Low
Total	10% added to cover unidentified costs	\$1.6 million

Additional FTE Needed

Description of Deficit	Cost
Recurring Costs: New FTE Salary + Benefits 44 additional FTE needed	\$5.4 million

Department of Correction Estimated Budgetary Requirements

Description of Cost	Cost
One-Time Costs	\$1.6 million
Total Salary + Benefits (new and existing)	\$1.10 billion
ACJJ Operating Costs	\$455 million
Portion of DPS Administration Operating Costs to Accompany Exiting Positions	\$11.6 million
Total Budgetary Estimate	\$1.57 billion

Legislative Changes Needed to Support Option

- Adjusting statutes that created the Division of Adult Correction and Juvenile Justice
- Repealing General Statutes located in Part 1A of Article 13 of Chapter 143B
- Recodifying parts of Article 13 of Chapter 143B
- Creating new articles in Chapter 143B to delineate the authority of the new Department of Adult Correction
- Transfer of the differing functions constitutes a Type I transfer, as described in G.S. 143A-6.
- Conforming changes made throughout the General Statutes as necessary

Source: NCGA Bill Drafting Division.

Summary of FTE Totals by Section

Division or Section Name	ACJJ or Central DPS	Current FTE in DPS	Additional FTE needed	FTE to go to Department of Correction	FTE to go to DPS if DOC created
Combined Records	ACJJ	37	0	37	0
Community Corrections	ACJJ	2,664	0	2,664	0
Post-Release Supervision & Parole Commission	ACJJ	31	0	31	0
Prisons	ACJJ	16,930	0	16,930	0
Re-entry, Programs & Services	ACJJ	43	0	43	0
SHIELD	ACJJ	2	0	2	0
Special Ops & Intel	ACJJ	87	0	87	0
Staff Development & Training	ACJJ	106	4	101	9
Juvenile Justice	ACJJ	1,564	0	0	1,564
Budget & Analysis	DPS	8	1	4	5
Central Engineering	DPS	114	0	108	6
Chief Financial Officer	DPS	1	1	1	1
Communications	DPS	21	5	11	15
Controller's Office	DPS	84	1	48	37
DIT	DPS	131	9	96	44
General Counsel	DPS	22	1	12	11
Human Resources	DPS	171	7	102	76
Internal Audit	DPS	20	2	11	11
Legislative Affairs	DPS	3	1	2	2
Policy & Strategic Planning	DPS	4	1	3	2
PREA	DPS	5	0	4	1
Purchasing & Logistics	DPS	66	5	53	18
Secretary	DPS	1	1	1	1
Special Investigations	DPS	8	3	6	5
VS&VC	DPS	21	2	11	12
TOTALS		22,144	44	20,368	1,820

Option 1b: Department of Juvenile Justice (DJJ)

Summary: In this option, all functions currently located within the Division of Adult Correction and Juvenile Justice related to Juvenile Justice exit DPS and become a principal state department. The leader or secretary of DJJ reports directly to the governor and DJJ employs its own legislative liaisons and administrative and support staff. Adult Correction and all related functions, which also currently reside in ACJJ, could remain in DPS, become a more independent division within DPS (Option 2a), or exit DPS (Option 1a). The organizational chart below depicts the entities in the new DJJ. The option

- would cost approximately \$5.3 million in the first year (\$136,000 one-time costs and \$5.2 million in new, recurring staffing costs),
- requires 1,717 FTE to support its functioning and 41 new FTE to fully staff the new option and DPS, and
- has an estimated state budgetary requirement of \$154.7 million for Fiscal Year 2021–22.

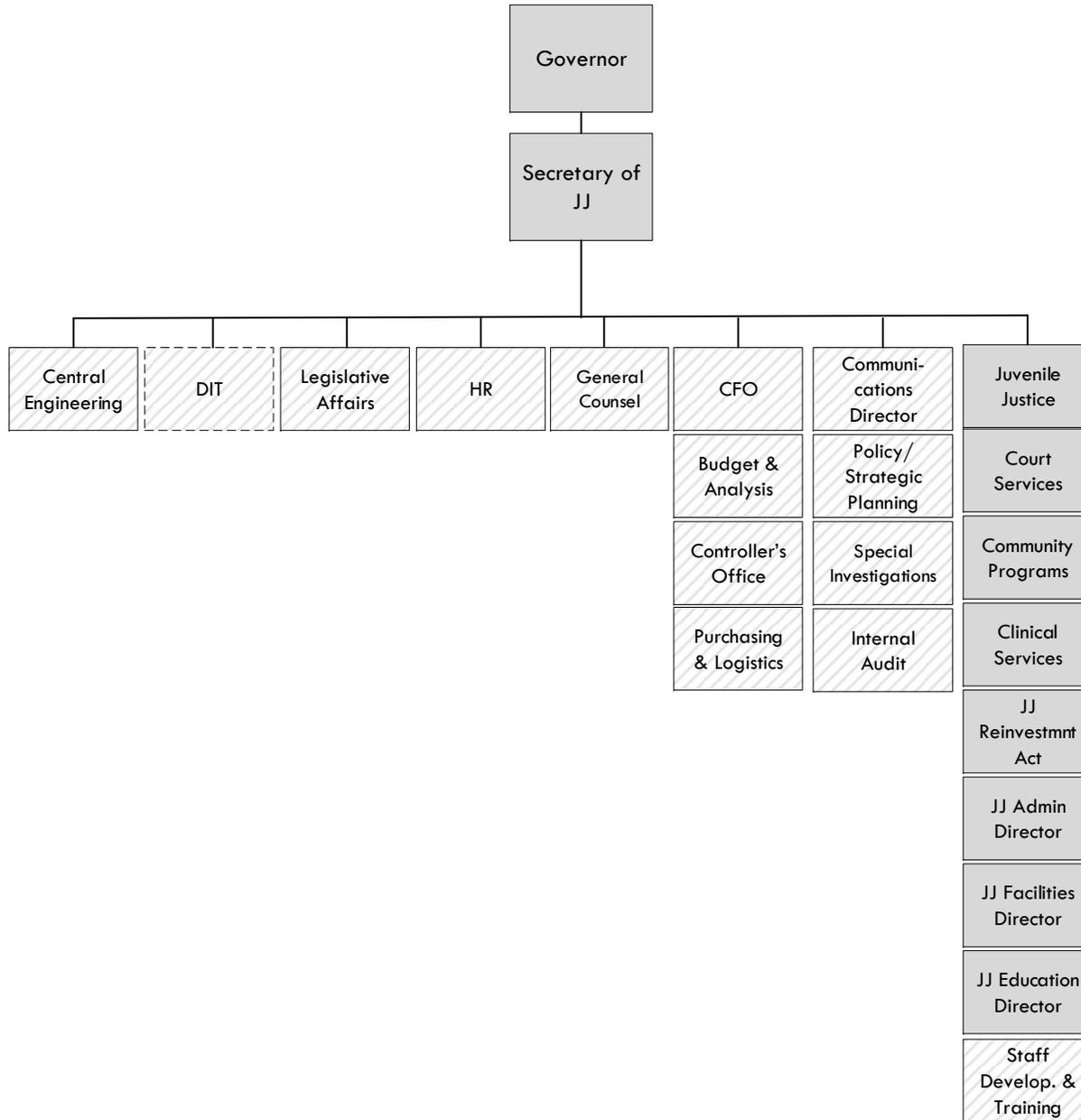
Cost: New costs total \$5.3 million, which includes one-time costs to rebrand and establish a new department as well as recurring personnel costs (salary and benefits) necessary to support DPS functions after some central staff exit the agency to support the new department. Costs will range based on the time that the General Assembly and DOC allow for rebranding and the extent to which new office space would be needed. The current budget provides for all items that would potentially need to be rebranded, but if these items needed to be updated simultaneously and immediately, additional costs would be incurred.

Estimated Budget for Fiscal Year 2021–22. The Program Evaluation Division built an estimated budget by detailing the FTE required for the Department of Juvenile Justice, using feedback from DPS staff on the extent to which central staff support the adult correction section of ACJJ and adjusting when necessary. A summary table below provides the breakdown of FTE based on the current total by section, how many FTE would exit DPS to support DJJ (1,732) and how many new FTE DPS (45) would need to maintain operations in DPS and the new entity. PED used these FTE counts to calculate DJJ's salaries and benefits, which account for \$91.9 million of the \$154.7 million in estimated Fiscal Year 2021–22 department expenditures. The estimate also includes the operational costs that support staff and the estimated one-time costs.

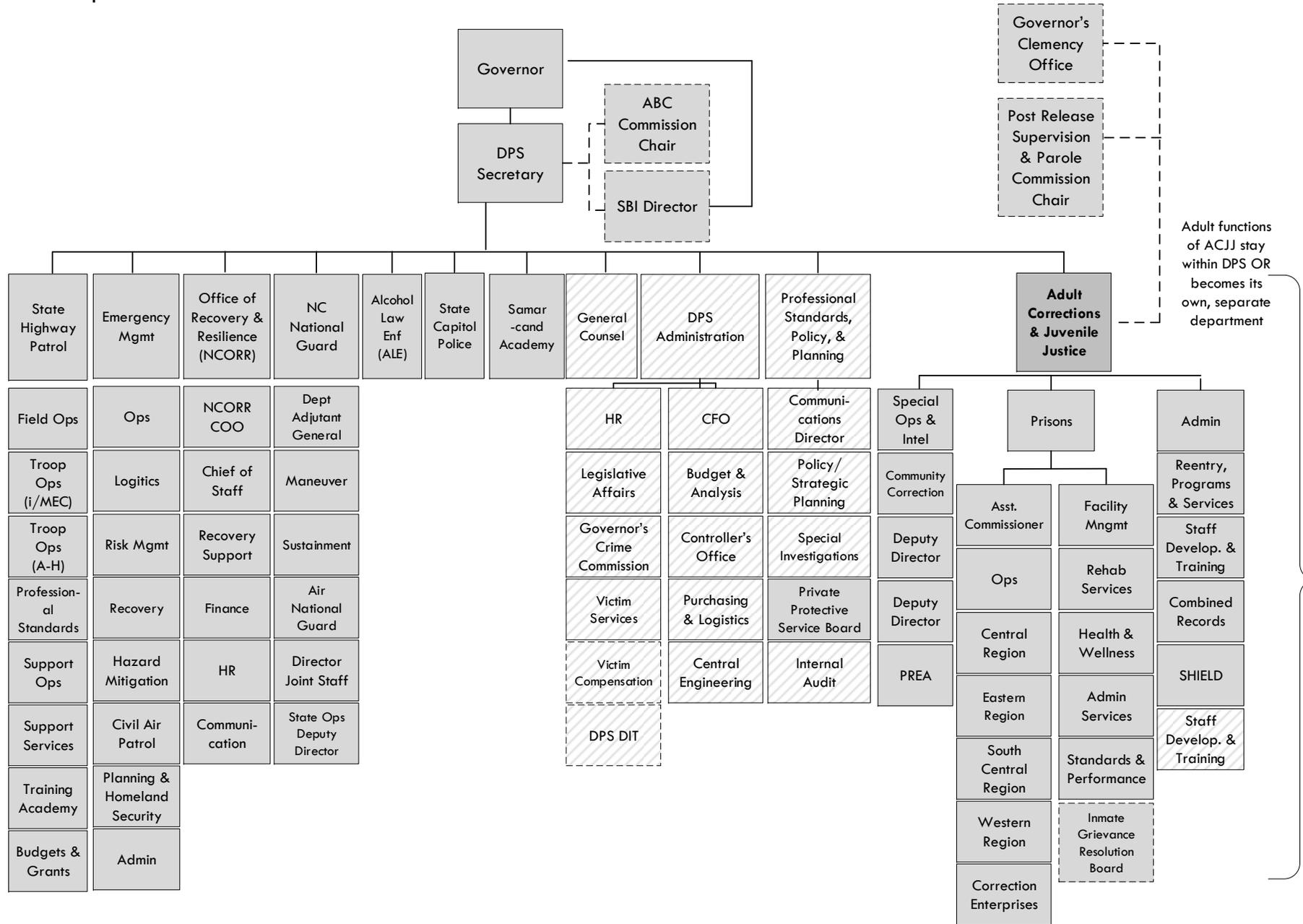
Timeline: DPS staff stressed the importance of allowing ample time for any option to fully materialize and stated this option requires 12 months. The first six months would include the development of plans to restructure staff and develop a detailed budget to support the staff and functions of the agency. It would also include protocol development for new administrative processes that would be housed internally. Finally, it would include a plan to transfer all relevant programs and services related to technology systems or applications and any other relevant items from DPS to DJJ. The latter six months allow for the execution of transfers (staff, processes, and technology applications and systems), verification of budget development, and application of new protocols and procedures. This option could be implemented concurrently with or independent of Options 1a or 2a.

Benefits and Challenges: The benefits of this option include establishing a direct connection between Juvenile Justice leadership and the governor and legislature, as well as fostering DJJ leadership's ability to develop internal policies and protocols to support efficient and effective operations. Additionally, this option separates juvenile functions from adult correction functions, allowing for easier distinction of the policy and legal differences between the two sections. Challenges associated with this option include initial and recurring costs given the relatively small size of Juvenile Justice compared to Adult Correction. Some states create and support separate juvenile justice departments, whereas other states group them with adult correction functions.

Department of Juvenile Justice Organizational Chart



DPS if Department of Juvenile Justice is Created



Adult functions of ACJJ stay within DPS OR becomes its own, separate department

Option 1b: Department of Juvenile Justice Summary Table

New Costs

**Year One
New Costs
\$5.3 million**

- One-Time: **\$136,000**
- New Recurring Personnel: **\$5.2 million**

One-Time Costs



Relevant Agency	Items Provided	Est. Total Cost
Correction Enterprises	Uniforms, business cards, letterhead, car magnets, building signs, logo redesign	\$136,000
Dept. of Administration	New office space (if required), moving costs and equipment	Highly Variable
Dept. of Information Technology	No cost associated with migrating technology systems and applications	Low
Total		\$136,000

Note: One-time cost calculation represents 7% of the total, mirroring the budgetary size of Juvenile Justice within ACJJ.

Additional FTE Needed

Description of Deficit	Costs
Recurring Costs: New FTE Salary + Benefits	\$5.2 million
41 additional FTE needed	

Department of Juvenile Justice Estimated Budgetary Requirements

Description of Cost	Costs
One-Time Costs	\$136,000
Total Salary + Benefits (new and existing)	\$91.9 million
ACJJ Operating Costs	\$61.4 million
Portion of DPS Central Administration Operating Costs to Accompany Exiting Positions	\$1.7 million
Total Budgetary Estimate	\$154.7 million

Legislative Changes Needed to Support Option

- Adjusting statutes that created the Division of Adult Correction and Juvenile Justice
- Repealing General Statutes located in Part 1A of Article 13 of Chapter 143B
- Recodifying parts of Article 13 of Chapter 143B
- Creating new articles in Chapter 143B to delineate the authority of the new Department of Juvenile Justice
- Transfer of the differing functions constitutes a Type I transfer, as described in G.S. 143A-6.
- Conforming changes made throughout the General Statutes as necessary

Source: NCGA Bill Drafting Division.

Summary of FTE Totals by Section

Division or Section Name	ACJJ or Central DPS	Current FTE in DPS	Additional FTE needed	FTE to go to Department of Juvenile Justice	FTE to go to DPS if DJJ created
Juvenile Justice	ACJJ	1,564	0	1,564	0
Combined Records	ACJJ	37	0	0	37
Community Corrections	ACJJ	2,664	0	0	2,664
Post-Release Supervision & Parole Commission	ACJJ	31	0	0	31
Prisons	ACJJ	16,930	0	0	16,930
Re-entry, Programs & Services	ACJJ	43	0	0	43
SHIELD	ACJJ	2	0	0	2
Special Ops & Intel	ACJJ	87	0	2	85
Staff Development & Training	ACJJ	106	4	9	101
Budget & Analysis	DPS	8	2	4	6
Central Engineering	DPS	114	0	6	108
Chief Financial Officer	DPS	1	1	1	1
Communications	DPS	21	4	9	16
Controller's Office	DPS	84	1	11	74
DIT	DPS	131	9	38	102
General Counsel	DPS	22	1	6	17
Human Resources	DPS	171	8	40	139
Internal Audit	DPS	20	2	4	18
Legislative Affairs	DPS	3	0	1	2
Policy & Strategic Planning	DPS	4	1	2	3
PREA	DPS	5	0	0	5
Purchasing & Logistics	DPS	66	5	15	56
Secretary	DPS	1	1	1	1
Special Investigations	DPS	8	2	4	6
VS&VC	DPS	21	0	0	21
TOTALS		22,144	41	1,717	20,468

Option 1c: Department of Adult Correction and Juvenile Justice (DACJJ)

Summary: In this option, all functions currently located within the Division of Adult Correction and Juvenile Justice and the Post Release Supervision and Parole Commission exit DPS and become a principal state department. The leader or secretary of DACJJ reports directly to the governor and DACJJ employs its own legislative liaisons and administrative and support staff. The organizational chart below depicts the entities in the new DACJJ. The option

- would cost approximately \$7.5 million (\$1.7 million in one-time costs and \$5.8 million in new, recurring staffing costs),
- requires 22,001 FTE to support its functioning and 46 new FTE to fully staff the new option and DPS, and
- has an estimated state budgetary requirement of \$1.7 billion for Fiscal Year 2021–22.

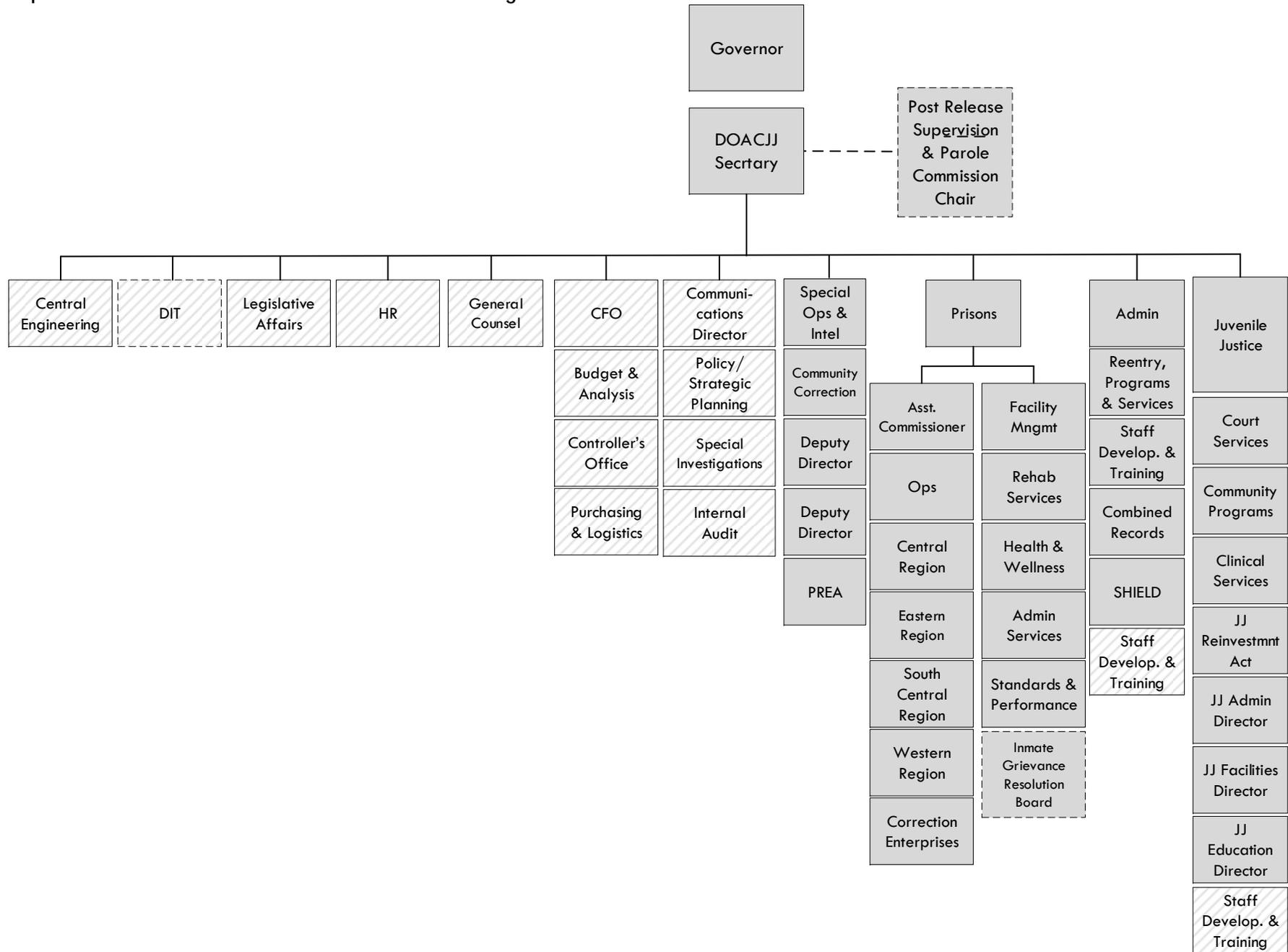
Cost: New costs total \$7.5 million, which include one-time costs to rebrand and establish a new department as well as recurring personnel costs (salary and benefits) necessary to support DPS functions after some central staff exit the agency to support the new department. Costs will range based on the time that the General Assembly and DOC allow for rebranding and the extent to which new office space would be needed. The current budget provides for all items that would potentially need to be rebranded, but if these items needed to be updated simultaneously and immediately, additional costs would be incurred.

Estimated Budget for Fiscal Year 2021–22. The Program Evaluation Division built an estimated budget by detailing the FTE required for the Department of Adult Correction and Juvenile Justice, using feedback from DPS staff on the extent to which central staff support ACJJ and adjusting when necessary. A summary table below provides breakdown of FTE based on the current total by section, how many FTE would exit DPS to support DACJJ (22,001) and how many new FTE that would be needed to maintain operations for DPS and the new entity (46). PED used these FTE counts to calculate DACJJ's salaries and benefits, which account for \$1.16 billion of the department's \$1.7 billion in estimated Fiscal Year 2021–22 expenditures. Also included are the operational costs that support staff and the estimated one-time costs.

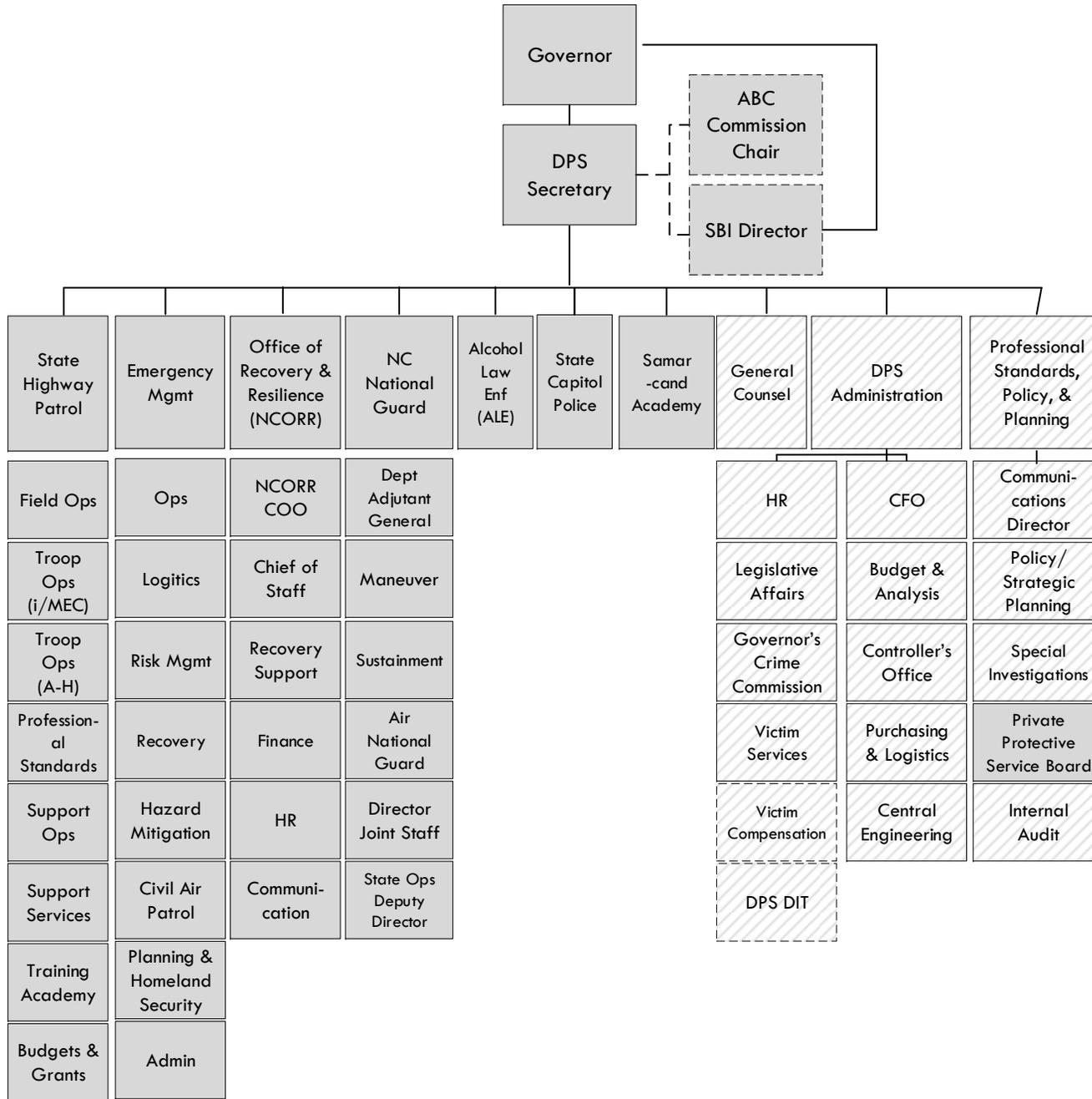
Timeline: DPS staff stressed the importance of allowing ample time for any option to fully materialize and stated this option requires 12 months. The first six months would include development of plans to restructure staff and develop a detailed budget to support the staff and functions of the agency. It would also include protocol development for new administrative processes that would be housed internally. Finally, it would include a plan to transfer all relevant programs and services related to technology systems or applications and any other relevant items from DPS to DACJJ. The latter six months allow for the execution of transfers (staff, processes, and technology applications and systems), verification of budget development, and application of new protocols and procedures.

Benefits and Challenges: Benefits of this option include establishing a direct connection between ACJJ-based leadership and the governor and legislature as well as fostering DACJJ leadership's ability to develop internal policies and protocols to support efficient and effective operations. The structural changes do not solve financial issues experienced in adult correction, particularly related to inmate healthcare. However, adoption of this structural reconfiguration might allow DACJJ to more clearly communicate its financial needs to policymakers. Challenges associated with this option include initial and recurring costs as well as the logistics of setting up a new department. This option also represents a loss of three quarters of DPS's budget and operations, which likely has consequences for its ability to scale up internal operations.

Department of Adult Correction and Juvenile Justice Organizational Chart



DPS if Department of Adult Correction and Juvenile Justice is Created



Option 1c: Department of Adult Correction and Juvenile Justice Summary Table

New Costs

**Year One
New Costs
\$7.5 million**

- One-Time: **\$1.7 million**
- New Recurring Personnel: **\$ 5.8 million**

One-Time Costs

**Estimated
\$1.7
million**

Relevant Agency	Items Provided	Est. Total Cost
Correction Enterprises	Uniforms, business cards, letterhead, car magnets, building signs, logo redesign	\$1.5 million
Dept. of Administration	New office space (if required), moving costs and equipment	Highly variable
Dept. of Information Technology	No cost associated with migrating technology systems and applications	Low
Total		\$1.7 million

Additional FTE Needed

Description of Deficit	Costs
Recurring Costs: New FTE Salary + Benefits	\$5.8 million
46 additional FTE needed	

Department of Adult Correction and Juvenile Justice Estimated Budgetary Requirements

Description of Cost	Costs
One-Time Costs	\$1.7 million
Total Salary + Benefits (new and existing)	\$1.16 billion
ACJJ Operating Costs	\$516.0 million
Portion of DPS Central Administration Operating Costs to Accompany Exiting Positions	\$13.0 million
Total Budgetary Estimate	\$1.70 billion

Legislative Changes Needed to Support Option

- Adjusting statutes that created the Division of Adult Correction and Juvenile Justice
- Repealing General Statutes located in Part 1A of Article 13 of Chapter 143B
- Recodifying parts of Article 13 of Chapter 143B
- Creating new articles in Chapter 143B to delineate the authority of the new Department of Adult Correction and Juvenile Justice
- Transfer of the differing functions constitutes a Type I transfer, as described in G.S. 143A-6
- Conforming changes made throughout the General Statutes as necessary

Source: NCGA Bill Drafting Division.

Summary of FTE Totals by Section

Division or Section Name	ACJJ or Central DPS	Current FTE in DPS	Additional FTE needed	FTE to go to Department of ACJJ	FTE to go to DPS if DACJJ created
Combined Records	ACJJ	37	0	37	0
Community Corrections	ACJJ	2,664	0	2,664	0
Juvenile Justice	ACJJ	1,564	0	1,564	0
Post-Release Supervision & Parole Commission	ACJJ	31	0	31	0
Prisons	ACJJ	16,930	0	16,930	0
Re-entry, Programs & Services	ACJJ	43	0	43	0
SHIELD	ACJJ	2	0	2	0
Special Ops & Intel	ACJJ	87	0	87	0
Staff Development & Training	ACJJ	106	0	106	0
Budget & Analysis	DPS	8	1	5	4
Central Engineering	DPS	114	0	113	1
Chief Financial Officer	DPS	1	1	1	1
Communications	DPS	21	6	15	12
Controller's Office	DPS	84	1	55	30
DIT	DPS	131	14	112	33
General Counsel	DPS	22	1	12	11
Human Resources	DPS	171	7	128	50
Internal Audit	DPS	20	2	13	9
Legislative Affairs	DPS	3	1	2	2
Policy & Strategic Planning	DPS	4	1	3	2
PREA	DPS	5	0	4	1
Purchasing & Logistics	DPS	66	5	55	16
Secretary	DPS	1	1	1	1
Special Investigations	DPS	8	3	7	4
VS&VC	DPS	21	2	11	12
TOTALS		22,144	46	22,001	189

Option 2a: Division of Adult Correction within the Department of Public Safety

Summary: In this option, all adult-related functions currently located within the Division of Adult Correction and Juvenile Justice and the Post Release Supervision and Parole Commission become an independent division within DPS. The leader or chief executive is responsible for all management functions and reports to the governor, but the Department of Public Safety continues to supply administrative support to the division. The organizational chart below depicts the entities in the new division. This option

- would cost approximately \$1.2 million in new, recurring staff costs,
- requires 19,927 FTE to support its functioning and 8 new FTE to ensure the new division and DPS can operate fully, and
- has an estimated state budgetary requirement of \$1.5 billion for Fiscal Year 2021–22.

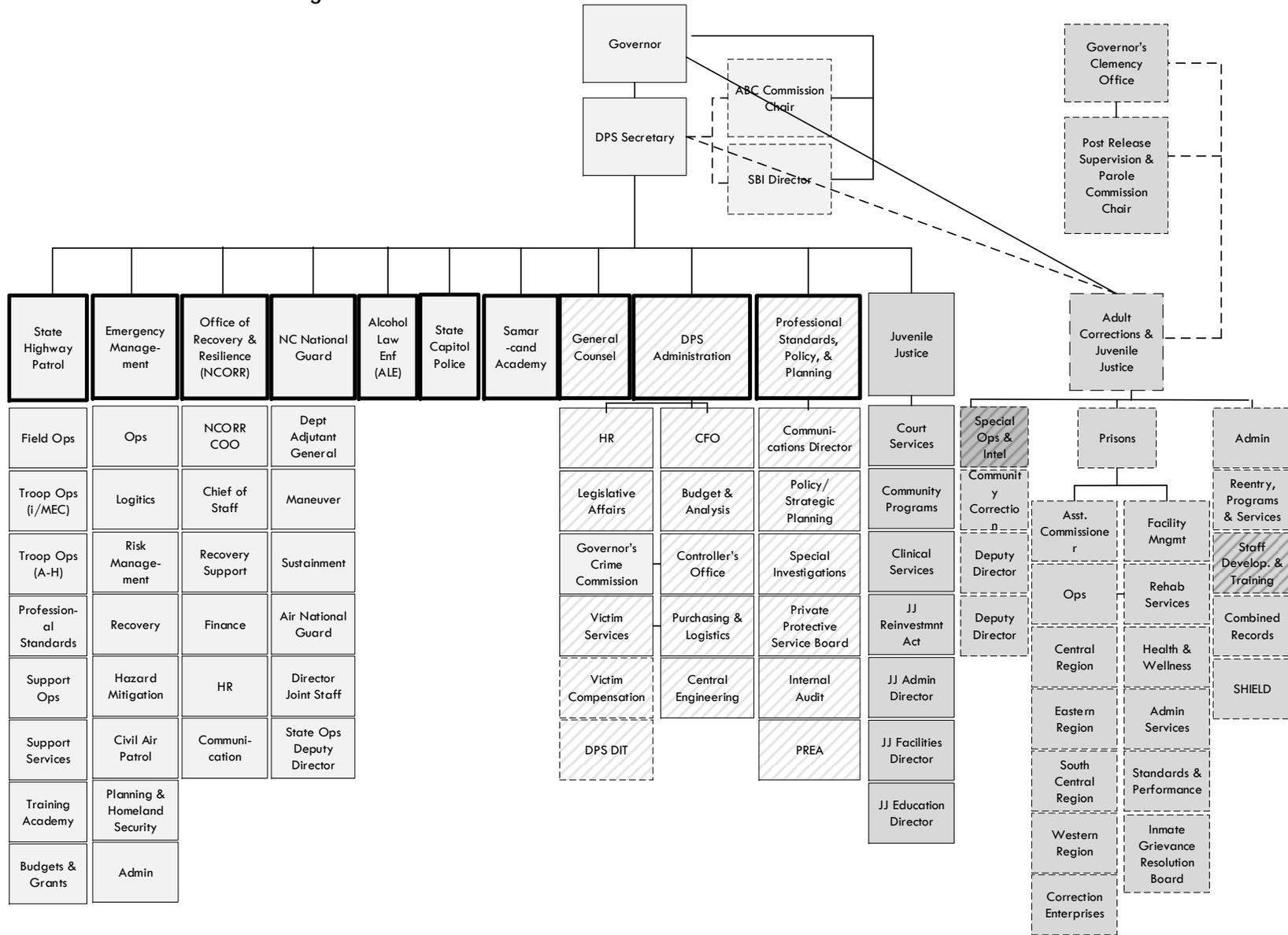
Cost: New costs to support this option are \$1.2 million, which include the recurring personnel costs (salary and benefits) needed to support new division functions as well as DPS.

Estimated Budget for Fiscal Year 2021–22. The Program Evaluation Division built an estimated budget by detailing the FTE required for the Division of Adult Correction, using feedback from DPS staff on the extent to which central staff support adult functions of ACJJ and adjusting when necessary. Division-based options represent more of a reorganization within DPS compared to the exit options, which require establishing an entirely new entity. With this option, eight new staff members would be needed within DPS to help provide the new division with communications, policy, legislative, budgetary, and legal counsel support. A portion of the staff performing these functions would originate from current DPS staff that work exclusively in adult correction, but eight additional positions would still be needed. The Program Evaluation Division used these FTE counts to calculate Division of Correction salaries and benefits, which account for \$1 billion of the \$1.5 billion in estimated Fiscal Year 2021–22 department expenditures. Also included are the operational costs that support staff and the estimated one-time costs.

Timeline: DPS staff stressed the importance of allowing ample time for any option to fully materialize and stated this option requires eight months. The first four months would include the development of plans to restructure staff and develop a detailed budget to support the staff and functions of the agency. It would also include protocol development for new administrative processes that would be housed internally. Finally, it would include a plan to transfer all relevant programs and services related to technology systems or applications and any other relevant items from DPS to the new division when applicable. The latter four months allow for the execution of transfers (staff, processes, and technology applications and systems) and application of new protocols and procedures. This option could be implemented concurrently or independent of Options 1b or 2b.

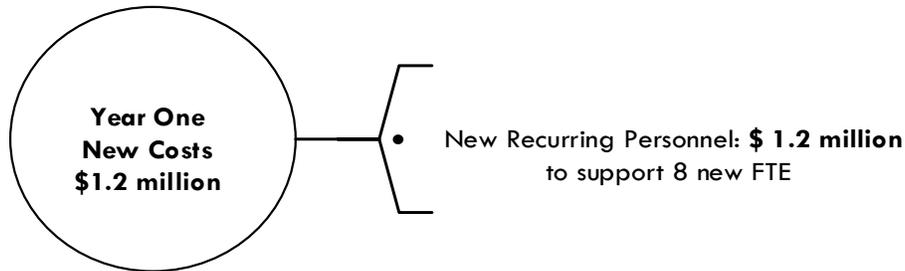
Benefits and Challenges: The benefits of this option include leadership of the new division having direct access to policymaking entities (governor, General Assembly) and the division being able to employ its own legislative liaison and internal staff. Challenges involve determining which entity would design administrative processes and whether those processes would be efficient and effective for the new division. Currently, operations involving the State Bureau of Investigation and central DPS staff are sometimes unclear and cause confusion and delays.

Division of Adult Correction Organizational Chart



Option 2a: Division of Adult Correction Summary Table

New Costs



Division of Adult Correction Estimated Budgetary Requirements

Description of Cost	Costs
Total Salary + Benefits (new and existing)	\$1.04 billion
ACJJ Operating Costs	\$455 million
Portion of DPS Central Administration Operating Costs to Accompany Exiting Positions	\$0
Total Budgetary Estimate	\$1.50 billion

Legislative Changes Needed to Support Option

- Dividing the Division of Adult Correction and Juvenile Justice into one or more independent agencies that would be administratively housed within the Department of Public Safety resembles a Type II transfer and would mirror the transfer of the State Bureau of Investigation (G.S. 143B-915) from the Department of Justice to the Department of Public Safety.
- Language in the General Statute would direct the Department of Public Safety to supply administrative support, create a new director position for the division, and specify that the chief executive office of the division shall be solely responsible for all management functions.
- As necessary, new subparts within parts of Article 13 of Chapter 143B would be created to house new statutory language and to receive recodified, previously existing statutory language.
- Conforming changes would need to be made throughout the General Statutes as necessary.

Source: NCGA Bill Drafting Division.

Option 2b: Division of Juvenile Justice within the Department of Public Safety

Summary: In this option, all juvenile justice functions currently located within the Division of Adult Correction and Juvenile Justice would become an independent division within DPS. The leader or chief executive is responsible for all management functions and reports to the governor, but the Department of Public Safety continues to supply administrative support. The organizational chart below depicts the entities in the new division. The option

- would cost approximately \$990,000 in new, recurring staff costs,
- requires 1,585 FTE to support its functioning and 7 new FTE to ensure the new division and DPS can operate fully, and
- has an estimated state budgetary requirement of \$136 million for Fiscal Year 2021–22.

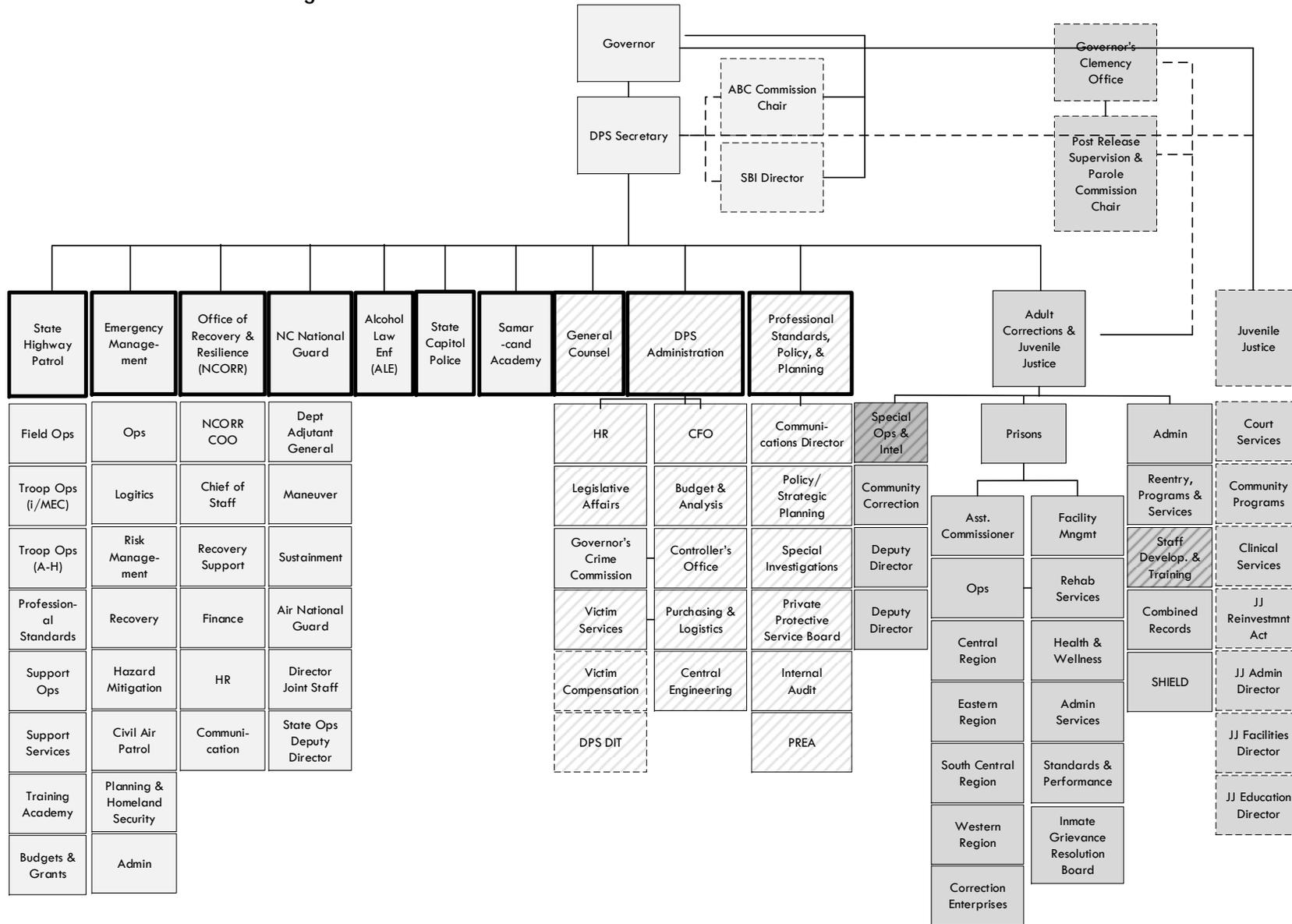
Cost: New costs to support this option are \$990,000, which include recurring personnel costs (salary and benefits) needed to support new division functions as well as DPS.

Estimated Budget for Fiscal Year 2021–22. The Program Evaluation Division built an estimated budget by detailing the FTE required for the Division of Juvenile Justice, using feedback from DPS staff on the extent to which central staff support the juvenile justice portion of ACJJ and adjusting when necessary. Division-based options represent more of a reorganization within DPS compared to the exit options, which require establishing an entirely new entity. With this option, seven new staff members are needed within DPS to provide the new division with internal communications, policy, legislative, budgetary, and legal counsel support. A portion of the staff performing these functions would originate from current DPS staff that presently work exclusively for Juvenile Justice, but seven additional positions would still be needed. The Program Evaluation Division used these FTE counts to calculate Division of Adult Correction and Juvenile Justice salaries and benefits, which account for \$75 million of the \$136 million in estimated Fiscal Year 2021–22 department expenditures. Also included are the operational costs that support staff and the estimated one-time costs.

Timeline: DPS staff stressed the importance of allowing ample time for any option to fully materialize and stated this option requires eight months. The first four months would include the development of plans to restructure staff and develop a detailed budget to support the staff and functions of the agency. It would also include protocol development for new administrative processes that would be housed internally. Finally, it would include a plan to transfer all relevant programs and services related to technology systems or applications and any other relevant items from DPS to the new division, when applicable. The latter four months allow for the execution of transfers (staff, processes, and technology applications and systems) and application of new protocols and procedures. This option could be implemented concurrently or independent of Options 1a or 2a.

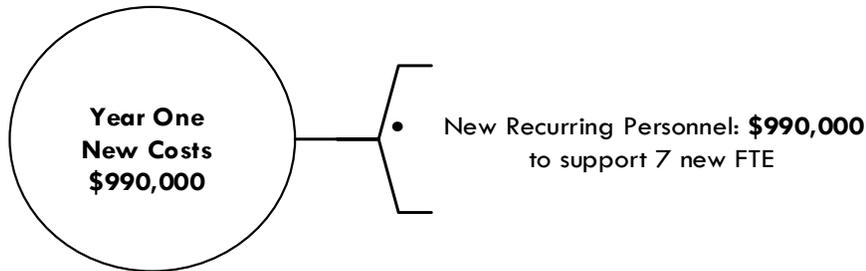
Benefits and Challenges: The benefits of this option include leadership of the new division have direct access to policymaking entities (governor, General Assembly) and the division being able to employ its own legislative liaison and internal staff. Challenges include the cost of supporting a small but independent division separate from adult correction functions. Other challenges include determining which entity would design administrative processes and whether those processes would be efficient and effective for the new division. Currently, operations involving the State Bureau of Investigation and central DPS staff are sometimes unclear and cause confusion and delays.

Division of Juvenile Justice Organizational Chart



Option 2b: Division of Juvenile Justice Summary Table

New Costs



Division of Juvenile Justice Estimated Budgetary Requirements

Description of Cost	Costs
Total Salary + Benefits (new and existing)	\$75 million
ACJJ Operating Costs	\$61 million
Portion of DPS Central Administration Operating Costs to Accompany Exiting Positions	\$0
Total Budgetary Estimate	\$136 million

Legislative Changes Needed to Support Option

- Dividing the Division of Adult Correction and Juvenile Justice into one or more independent agencies that would be administratively housed within the Department of Public Safety resembles a Type II transfer and would mirror the transfer of the State Bureau of Investigation (G.S. 143B-915) from the Department of Justice to the Department of Public Safety.
- Language in the General Statute would direct the Department of Public Safety to supply administrative support, create a new director position for the division, and specify that the chief executive office of the division shall be solely responsible for all management functions.
- As necessary, new subparts within parts of Article 13 of Chapter 143B would be created to house new statutory language and to receive recodified, previously existing statutory language.
- Conforming changes would need to be made throughout the General Statutes, as necessary.

Source: NCGA Bill Drafting Division.

Option 2c: Division of Adult Correction and Juvenile Justice within the Department of Public Safety

Summary: In this option, all functions currently located within the Division of Adult Correction and Juvenile Justice become an independent division within DPS. The leader or chief executive is responsible for all management functions and reports to the governor, but DPS continues to supply administrative support. The organizational chart below depicts the entities in the new division. This option

- would cost approximately \$1.1 million in new, recurring staff costs,
- requires 21,491 FTE to support its functioning and 8 new FTE to ensure the new division and DPS can operate fully, and
- has an estimated state budgetary requirement of \$1.64 billion for Fiscal Year 2021–22.

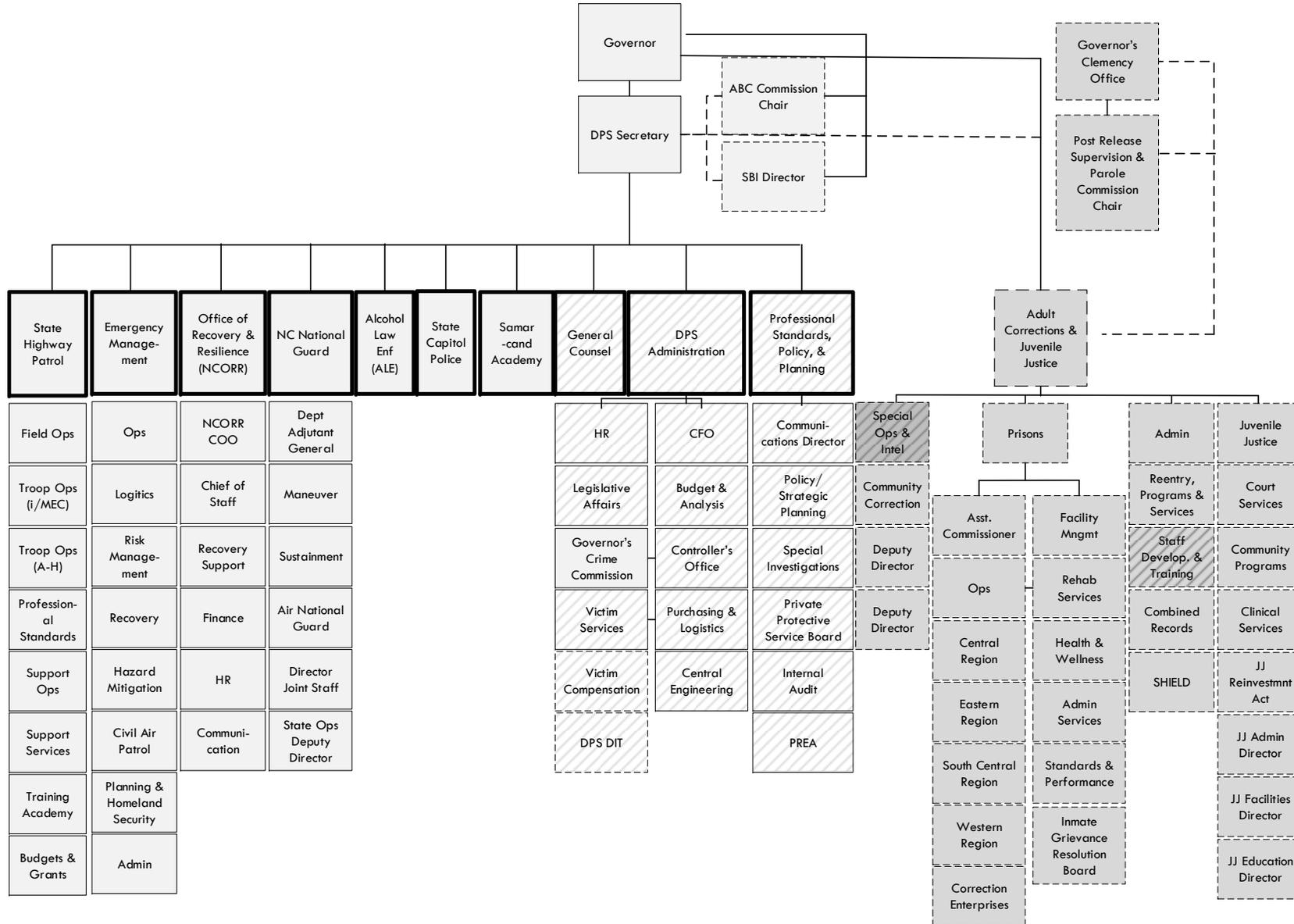
Cost: New costs to support this option are \$1.1 million, which include recurring personnel costs (salary and benefits) needed to support new division functions and DPS.

Estimated Budget for Fiscal Year 2021–22. The Program Evaluation Division built an estimated budget by detailing the FTE required for the Division of Adult Correction and Juvenile Justice, using feedback from DPS staff on the extent to which central staff support portions of ACJJ and adjusting when necessary. Division-based options represent more of a reorganization within DPS compared to the exit options, which require establishing an entirely new entity. With this option, eight new staff members would be needed within DPS to help provide the new division with internal communications, policy, legislative, budgetary, and legal counsel support. A portion of the staff performing these functions would originate from current DPS staff that exclusively support ACJJ, but eight additional positions would still be needed. The Program Evaluation Division used these FTE counts to calculate Division of Adult Correction and Juvenile Justice salaries and benefits, which account for \$1.1 billion of the \$1.63 billion in estimated Fiscal Year 2021–22 department expenditures. Also included are the operational costs that support staff and the estimated one-time costs.

Timeline: DPS staff stressed the importance of allowing ample time for any option to fully materialize and stated this option requires eight months. The first four months would include the development of plans to restructure staff and develop a detailed budget to support the staff and functions of the agency. It would also include protocol development for new administrative processes that would be housed internally. Finally, it would include a plan to transfer all relevant programs and services related to technology systems or applications and any other relevant items from DPS to the new division, when applicable. The latter four months allow for the execution of transfers (staff, processes, and technology applications and systems) and application of new protocols and procedures.

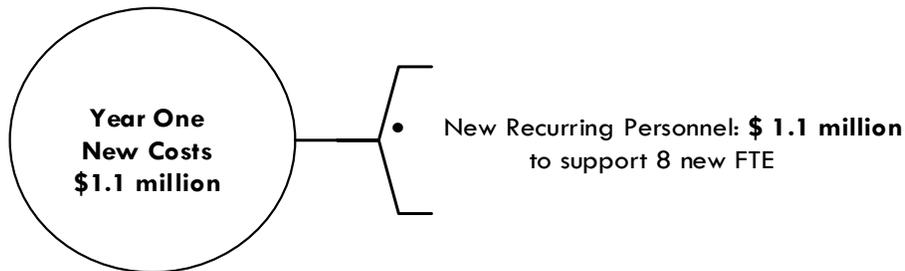
Benefits and Challenges: The benefits of this option including leadership of the new division having direct access to policymaking entities (governor, General Assembly) and the division being able to employ its own legislative liaison and internal staff. Challenges include having three-quarters of the department (ACJJ) operating in a capacity “independent” of other DPS divisions and determining whether enough administrative efficiencies are being achieved to justify this structure. Other challenges include determining which entity designs administrative processes and whether those processes would be efficient and effective for the new division. Currently, operations involving the State Bureau of Investigation and central DPS staff are sometimes unclear and cause confusion and delays.

Division of Adult Correction and Juvenile Justice Organizational Chart



Option 2c: Division of Adult Correction and Juvenile Justice Summary Table

New Costs



Division of Adult Correction and Juvenile Justice Estimated Budgetary Requirements

Description of Cost	Costs
Total Salary + Benefits (new and existing)	\$1.11 billion
ACJJ Operating Costs	\$516 million
Portion of DPS Central Administration Operating Costs to Accompany Exiting Positions	\$0
Total Budgetary Estimate	\$1.63 billion

Legislative Changes Needed to Support Option

- Dividing the Division of Adult Correction and Juvenile Justice into one or more independent agencies that would be administratively housed within the Department of Public Safety resembles a Type II transfer and would mirror the transfer of the State Bureau of Investigation (G.S. 143B-915) from the Department of Justice to the Department of Public Safety.
- Language in the General Statutes would direct the Department of Public Safety to supply administrative support, create a new director position for the division, and specify that the chief executive office of the division shall be solely responsible for all management functions.
- As necessary, new subparts within parts of Article 13 of Chapter 143B would be created to house new statutory language and to receive recodified, previously existing statutory language.
- Conforming changes would need to be made throughout the General Statutes, as necessary.

Source: NCGA Bill Drafting Division.

Agency Response

A draft of this report was submitted to the Department of Public Safety for review. Its response is provided.

Program Evaluation Division Contact and Acknowledgments

For more information on this report, please contact the lead evaluator, Emily B. McCarthy, at emily.mccartha@ncleg.gov.

Staff members who made key contributions to this report include Sean Hamel and Adora Thayer. Kiernan McGorty is Acting Director of the Program Evaluation Division.



North Carolina Department of Public Safety

Prevent. Protect. Prepare.

Roy Cooper, Governor

Erik A. Hooks, Secretary

October 29, 2020

Kiernan McGorty, Acting Director
Program Evaluation Division
North Carolina General Assembly
Legislative Office Building, Suite 100
300 North Salisbury Street
Raleigh, North Carolina 27603-5925

Re: Program Evaluation Division Report No. 2020-10,
Options for Reorganizing the Division of Adult Correction and Juvenile Justice

Dear Ms. McGorty:

Thank you for the opportunity to respond to Program Evaluation Division Report No. 2020-10, *Options for Reorganizing the Division of Adult Correction and Juvenile Justice*. I also want to express my gratitude for the work and professionalism of your team in conducting this study and for the General Assembly's support of the Department of Public Safety (DPS) and our mission to "safeguard and preserve the lives and property of the people of North Carolina through prevention, protection, and preparation with integrity and honor." In addition, I would like to acknowledge the experienced and professional leadership team in Adult Correction and Juvenile Justice (ACJJ) headed by Chief Deputy Secretary Tim Moose. As with all of our divisions, ACJJ has an immensely challenging public safety responsibility, but the dedicated ACJJ leadership team remains committed to its calling and works tirelessly to promote the well-being of staff, as well as the adult offenders and juveniles they oversee.

Access to Policymakers

I would be remiss if I did not address specific areas of concern inaccurately reflected in this report to the esteemed members of the General Assembly. The first involves challenges to leadership with the current departmental structure. The report states ACJJ leadership "cannot directly access policymakers to communicate issues and needs." (See Ex. 9, p.16). However, during my tenure as Secretary, the Governor and members of the General Assembly have had unrestricted access to me and senior leaders of the department to include the leaders in ACJJ. In fact, lawmakers frequently request private meetings with senior leaders in ACJJ to better understand their requests, needs, and challenges. Our ACJJ leadership also meets directly with legislative fiscal and research staff to present and review budget concerns and requests. Further, issues like the budgetary shortfalls for inmate healthcare costs and Raise the Age have been presented annually at the departmental level and directly through ACJJ leadership.

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Access to policymakers is also evidenced by the collaborative work with our Justice and Public Safety Chairs and other lawmakers regarding Prison Reform and Raise the Age Initiatives. The report asserts that as a division of the Department of Public Safety (DPS), "ACJJ does not have its own legislative liaisons and communications staff who would aid in conveying the division's needs and priorities to policymakers." (See p. 15). I disagree, as DPS has an outstanding legislative affairs team that works tirelessly on behalf of all divisions within DPS, but especially ACJJ. Well over half of the department's legislative requests are specific to ACJJ, and the legislative team spends countless hours appraising, restructuring, and mounting effective strategies to promote ACJJ priorities. The entire team leverages reliable, well maintained relationships with members of the General Assembly to pertinaciously advocate for ACJJ policy and financial matters. Thus, the suggestion that there are barriers to access the General Assembly and other policymakers is simply unfounded.

Similarly, although DPS's communications team serves the entire department, a considerable amount of the team's work is focused on ACJJ. The communications managers all spend a higher percentage of time on ACJJ matters, compared to other divisions, to include helping coordinate both internal and external communications; marketing and recruitment efforts; researching, redacting and responding to complex public records requests; and assisting with after-hours crisis communications. There are other staff who handle department-wide issues like social media and website content with a comparatively higher concentration towards ACJJ. Finally, there are four members of the communications team who are specifically designated to handle all ACJJ-related communications (two for prisons, 1 for community corrections and 1 for juvenile justice). Consequently, the division's communication and messaging needs are being met effectively.

I would also note that the report refers to "DPS leadership" as if it were a group that excludes ACJJ representation. (See p. 17 "DPS leadership makes budget and financial decisions for all of DPS and central staff manage finances for the entire agency.") ACJJ's Chief Deputy Secretary is a direct report and member of the DPS leadership team. In fact, I consider all of the division directors to be members of our DPS leadership team. They are treated as such and have direct input into budget planning and decisions for the department.

Proposed Structures for Reorganizing Adult Correction and Juvenile Justice

"Independent Division" is a Misnomer

Turning now to the proposed organizational structures, let me state at the outset that I am opposed to reorganizing DPS to establish ACJJ or any section thereof as an independent division administratively housed within DPS, as this structure delivers no meaningful benefit to ACJJ or DPS. The report states the objective of such a reorganization is to promote "autonomy and independence." (See p. 4) However, an "independent" division is not self-sufficient. It utilizes and relies on the department's administrative resources and shared support services, such as legislative, legal, and professional standards. Thus, there are no "efficiencies" gained in terms of operational processes, just competition regarding which divisions should receive priority for shared resources. Moreover, as acknowledged in the report, this structure "creates confusion over roles and responsibilities of leaders and which entity retains power to dictate decisions and process requirements, particularly with respect to shared services." (See Ex. 9, p. 16) Finally, the leaders of such independent divisions are not cabinet level appointees, so in reality have no significant differences in the access to policy makers. Such "independent" agencies or divisions are still viewed and

treated by those external to the department as a division within DPS and, thus, do not gain the intended autonomy and independence.

Juvenile Justice Should Detach from Adult Correction

Within the department leadership, there is overwhelming consensus that Juvenile Justice should be decoupled from Adult Correction and stand alone as a separate division within DPS or as its own cabinet agency. It is my fervent belief that youth should be treated differently than adults by the criminal justice system. I know this belief is shared by our Governor, the General Assembly and the courts. That is in part why all three branches of State Government came together in 2017 to endorse the Raise the Age proposal which opened the age-appropriate services and interventions of the juvenile justice system to 16- and 17-year-olds.

With this belief in mind, it is important to clearly delineate the operations of Juvenile Justice from Adult Correction with separate administrative structures to allow for separate policy, procedures and strategic planning development. To accomplish this goal, it is necessary for Juvenile Justice to stand alone from Adult Correction as two separate and coequal divisions of DPS. If it is the will of the General Assembly to establish Adult Correction as a separate department, then Juvenile Justice should remain in DPS and be elevated to full division status, or in the alternative, become a separate department.

This PED study was prompted by the concerns over prison safety which is appropriate; however, a similar study was already conducted of the juvenile justice system which prompted massive reforms and generated overwhelming successes for our state. In the late 1990s, a bipartisan legislative commission studied the structure of North Carolina's juvenile justice system for nearly two years. That commission's top recommendation was the creation of a state department of juvenile justice and delinquency prevention. At the time, juvenile justice was struggling to get the resources needed to operate effectively. After the General Assembly unanimously voted to create the Department of Juvenile Justice and Delinquency Prevention, the state began reaping the rewards of this change. Outcomes included two straight decades of juvenile crime reduction, an 83% reduction in the number of juveniles committed to youth development centers, a more comprehensive strategy on addressing juvenile crime in our state, and significant cost-savings.

Adult Correction/Prisons Should be a New Cabinet Agency

The report strongly supports creating a structure where Adult Correction/Prisons is separated from DPS and established as a cabinet level department, provided the department receives adequate funding and personnel to ensure successful operations. I agree. A separate Department of Correction/Prisons would have true autonomy and independence, as its leadership would have final decision-making authority regarding the department's operations and use of resources, which could create efficiencies and streamline processes. In addition, as a separate department, the secretary would have direct interaction with the Governor and other cabinet secretaries.

Community Corrections and Special Operations and Intelligence Should Remain within DPS

Another reorganization option I would support is to establish Prisons as a separate department and leave Community Corrections as a division within DPS. There are other states where Community

Corrections/probation and parole operations reside in separate agencies from those housing Prisons operations. These states include Georgia, South Carolina, Louisiana, Alabama, Kansas, Colorado, Arizona, Iowa, and Massachusetts. The mission of Community Corrections is closely aligned with the other public safety agencies within DPS: A hybrid of both offender behavior change, accomplished through evidence-based supervision practices, education, treatment, and reentry; and public safety, accomplished through policing and holding offenders accountable for their actions, enforcing the judgments of the courts and the post release-parole commission.

In addition, the General Assembly has afforded probation and parole officers true law enforcement recognition, and Community Corrections has aligned its policies and practices to include use of deadly force, use of force, and duty to intervene with the department's other law enforcement entities. Therefore, any proposed reorganizations agreed upon by the General Assembly and the Governor should take into account the recognized status of these law enforcement professionals, in addition to their role in rehabilitating the approximately 100,000 individuals on post release, probation and parole.

Community Corrections officers also play a critical role within the State Emergency Response Team (SERT) led by DPS during states of emergency and during civil disturbance. They have been a SERT partner since 1997, and their law enforcement presence, authority, training, and status has assisted in effective responses by DPS on numerous occasions. Moreover, Community Corrections officers regularly participate in active shooter response training in order to assist local law enforcement when necessary, and are routinely called upon to respond to prison emergencies with local law enforcement such as the recent Neuse and Pasquotank escape attempts.

In addition to Community Corrections, the Special Operations and Intelligence Unit is a section of ACJJ that supports and works across all areas of DPS through task force operations with federal, state and local law enforcement. They provide intelligence gathering and support to the NC Information Sharing and Analytic Center through cellphone forensics activities, and conduct public corruption investigations concerning compromised staff. For this reason, if Community Corrections remains within DPS, the Special Operations and Intelligence Unit should remain within DPS as well.

Financial Viability of Reorganization Options

Careful consideration and evaluation of the financial implications related to any reorganization of the department is essential. The report acknowledges that the current structure allows for budgetary flexibility in accessing lapsed salaries to address funding shortfalls and "the use of lapsed salary funds is central to the financial operations of DPS." (See p. 13) However, the report concludes "it is not likely that moving the adult, juvenile, or both sections of ACJJ outside of DPS will create financial, structural deficits in DPS related to lapsed salaries." (See p. 13) I must disagree. As noted in the report, lapsed salaries were moved between ACJJ and other divisions within DPS to support funding needs in four of the past five fiscal years. This practice is indicative of the budgetary co-dependence the department is currently forced to implement.

Furthermore, I remain concerned about the existing financial wherewithal of Adult Correction and the need to address its ongoing structural deficits, primarily inmate healthcare. Irrespective of the decision regarding the reorganization of ACJJ, it is imperative that the legislature fund offender healthcare, correctional officer overtime, and information technology needs. In addition, resources must be

committed to increase pay for correctional staff, further enhance and update the safety and security of prison facilities, and provide increased re-entry programs. If the ultimate decision made jointly by the Governor and the legislature is to move Adult Correction or Prisons out of DPS and establish a new Department of Correction/Prisons, we stand ready to work with all partners and stakeholders to move that decision forward.

Again, thank you for the opportunity to address these serious and complex issues. I look forward to working with the General Assembly to implement the appropriate organizational structure for Adult Correction and Juvenile Justice.

Sincerely,

A handwritten signature in blue ink that reads "Erik A. Hooks". The signature is written in a cursive, slightly slanted style.

Erik A. Hooks
Secretary

CC: Timothy Moose, DPS Chief Deputy Secretary for Adult Correction & Juvenile Justice
Pamela Cashwell, DPS Chief Deputy Secretary for Professional Standards, Policy & Planning
Casandra Hoekstra, DPS Chief Deputy Secretary for Administration
Jane Gilchrist, DPS General Counsel
William Lassiter, DPS Deputy Secretary for Juvenile Justice
Tracy Little, DPS Deputy Secretary for Adult Correction
Greg Lusk, DPS Senior Advisor to the Secretary
Douglas Holbrook, DPS Chief Financial Officer