

2003 DRAFTING REQUEST

Senate Amendment (SA-SB44)

Received: **05/16/2003**

Received By: **gmalaise**

Wanted: **As time permits**

Identical to LRB:

For: **Legislative Fiscal Bureau 6-3953**

By/Representing: **Zimmerman**

This file may be shown to any legislator: **NO**

Drafter: **gmalaise**

May Contact:

Addl. Drafters:

Subject: **Children - juvenile justice**

Extra Copies:

Submit via email: **YES**

Requester's email:

Carbon copy (CC:) to:

Pre Topic:

LFB:.....Zimmerman -

Topic:

Youth aids daily rates

Instructions:

See Attached--adjust youth aids daily rates as per LFB Paper #'s 255, alternative 1; 256, alternative 2; 258, alternative 2; and 259, alternative 3.

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	gmalaise 05/20/2003	csicilia 05/20/2003		_____			
/1			chaskett 05/20/2003	_____	sbasford 05/21/2003		

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/2	gmalaise 05/29/2003	csicilia 05/29/2003	rschluet 05/29/2003	_____	lemery 05/29/2003		
/3	gmalaise 05/30/2003	csicilia 06/02/2003	rschluet 06/02/2003	_____	sbasford 06/02/2003		

FE Sent For:

<END>

2003 DRAFTING REQUEST

Senate Amendment (SA-SB44)

Received: 05/16/2003

Received By: gmalaise

Wanted: As time permits

Identical to LRB:

For: Legislative Fiscal Bureau 6-3953

By/Representing: Zimmerman

This file may be shown to any legislator: NO

Drafter: gmalaise

May Contact:

Addl. Drafters:

Subject: Children - juvenile justice

Extra Copies:

Submit via email: YES

Requester's email:

Carbon copy (CC:) to:

Pre Topic:

LFB:.....Zimmerman -

Topic:

Youth aids daily rates

Instructions:

See Attached--adjust youth aids daily rates as per LFB Paper #'s 255, alternative 1; 256, alternative 2; 258, alternative 2; and 259, alternative 3.

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	gmalaise 05/20/2003	csicilia 05/20/2003					
/1			chaskett 05/20/2003		sbasford 05/21/2003		

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/2	gmalaise 05/29/2003	csicilia 05/29/2003	rschluet 05/29/2003	_____	lemery 05/29/2003		

FE Sent For:

13 cjs $\frac{6}{03}$

<END>

2003 DRAFTING REQUEST

Senate Amendment (SA-SB44)

Received: 05/16/2003

Received By: gmalaise

Wanted: As time permits

Identical to LRB:

For: Legislative Fiscal Bureau 6-3953

By/Representing: Zimmerman

This file may be shown to any legislator: NO

Drafter: gmalaise

May Contact:

Addl. Drafters:

Subject: Children - juvenile justice

Extra Copies:

Submit via email: YES

Requester's email:

Carbon copy (CC:) to:

Pre Topic:

LFB:.....Zimmerman -

Topic:

Youth aids daily rates

Instructions:

See Attached--adjust youth aids daily rates as per LFB Paper #'s 255, alternative 1; 256, alternative 2; 258, alternative 2; and 259, alternative 3.

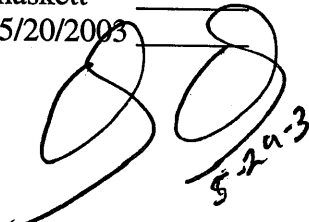
Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
--------------	----------------	-----------------	--------------	----------------	------------------	-----------------	-----------------

/?	gmalaise 05/20/2003	csicilia 05/20/2003		_____			
----	------------------------	------------------------	--	-------	--	--	--

/1			chaskett 05/20/2003		sbasford 05/21/2003		
----	--	--	------------------------	--	------------------------	--	--

1/2 up 5/29/03



5-29-3

FE Sent For:

<END>

2003 DRAFTING REQUEST

Senate Amendment (SA-SB44)

Received: 05/16/2003

Received By: gmalaise

Wanted: As time permits

Identical to LRB:

For: Legislative Fiscal Bureau 6-3953

By/Representing: Zimmerman

This file may be shown to any legislator: NO

Drafter: gmalaise

May Contact:

Addl. Drafters:

Subject: Children - juvenile justice

Extra Copies:

Submit via email: YES

Requester's email:

Carbon copy (CC:) to:

Pre Topic:

LFB:.....Zimmerman -

Topic:

Youth aids daily rates

Instructions:

See Attached--adjust youth aids daily rates as per LFB Paper #'s 255, alternative 1; 256, alternative 2; 258, alternative 2; and 259, alternative 3.

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	gmalaise	1 gms 5/30 03	1 cph 5/20	sent 6/20			

FE Sent For:

<END>



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

May 15, 2003

Joint Committee on Finance

Paper #255

Juvenile Population Estimates and Daily Rates (DOC -- Juvenile Corrections)

[LFB 2003-05 Budget Summary: Page 124, #1 and Page 125, #2]

CURRENT LAW

Under current law, daily rates for juvenile care in a given biennium are specified in statute by fiscal year for secured correctional facilities, state aftercare supervision, the corrective sanctions program, and for each type of alternate care setting, including residential care centers for children and youth (formerly termed child caring institutions), group homes, treatment foster homes and foster homes. An average daily rate is calculated for secured correctional facilities, state aftercare supervision, and the corrective sanctions program based on the projected annual cost and the estimated average daily population (ADP) for each type of care. Alternate care rates are determined by applying percentage adjustments to prior daily rates for each type of care.

GOVERNOR

Decrease the juvenile average daily population (ADP) estimate from 1,352 in 2002-03 to 1,208 in 2003-04 and to 1,203 in 2004-05, as shown in the following table. The population projections include juveniles funded under the serious juvenile offender (SJO) program. Under the bill, the population projections in Table 1 are used in the calculation of daily rates for each type of care, excluding alternate care.

TABLE 1
Average Daily Population

<u>Type of Care</u>	<u>2002-03*</u>	<u>Projected ADP</u>	
		<u>2003-04</u>	<u>2004-05</u>
Secured Correctional Facilities	961	830	829
Other Placements			
Corrective Sanctions	136	136	136
Aftercare Services	<u>255</u>	<u>242</u>	<u>238</u>
Subtotal -- Other Placements	391	378	374
Total ADP	1,352	1,208	1,203
Alternate Care	199	171	168

* Estimates under the 2001-03 biennial budget act.

Establish the statutory daily rates summarized in Table 2 for juvenile correctional services provided or purchased by the Department that would be charged to counties and paid through counties' youth aids allocations, or paid by the state through the serious juvenile offender appropriation.

TABLE 2
Statutory Daily Rates

	<u>Current Rates</u>	<u>Senate Bill 44</u>	
	<u>7-1-02 thru</u> <u>6-30-03</u>	<u>7-1-03 thru</u> <u>6-30-04</u>	<u>7-1-04 thru</u> <u>6-30-05</u>
Secured Correctional Facilities*	\$172.51	\$190.00	\$194.00
Residential Care Centers	226.00	225.00	239.00
Group Homes	135.00	142.00	149.00
Corrective Sanctions	84.50	88.00	89.00
Treatment Foster Homes	85.00	88.00	92.00
Regular Foster Homes	43.00	47.00	49.00
Aftercare Supervision	22.66	25.00	26.00

*Including transfers from a secured correctional facility to the Mendota Juvenile Treatment Center

Provide that the daily rates for state-provided services (secured correctional facilities, corrective sanctions, and aftercare supervision) be specified in statute rounded to the nearest dollar (as shown in the table above). Under current law, only daily rates for alternate care settings (residential care centers, group homes, regular foster homes, and treatment foster homes) are rounded to the nearest dollar.

DISCUSSION POINTS

1. The secured facilities include Ethan Allen School, Lincoln Hills School, Southern Oaks Girls School, the SPRITE Program, the Mendota Juvenile Treatment Center and the Prairie du Chien facility. Under current law, the Prairie du Chien facility is designated a temporary prison for young adult males until July 1, 2003. Under the bill, the facility would be designated an adult prison on a permanent basis. Through March, 2003, the 2002-03 average daily population (ADP) of juveniles placed at secured correctional facilities is 814.3.

2. Under the corrective sanctions program, certain juveniles, following release from a juvenile correctional facility, are placed in the community and provided with intensive surveillance and a range of community-based treatment services. The intensive surveillance component of the program must be available 24 hours-a-day, seven-days-a-week and DOC may provide electronic monitoring of program participants. Through March, 2003, the 2002-03 ADP of juveniles placed in corrective sanctions is 146.4.

3. Aftercare supervision is provided to other juveniles under state supervision following release from a juvenile correctional facility. A juvenile provided with aftercare supervision may be placed in an alternate care setting, a relative's home or the juvenile's own home. Through March, 2003, the 2002-03 ADP of juveniles placed in aftercare is 251.6. Alternate care includes residential care centers for children and youth, group homes, foster homes and treatment foster homes. The average daily population for alternate care is a subset of aftercare services. [Alternate care costs are considered under Paper #256.]

4. Each type of state care (secured correctional facilities, corrective sanctions program, and aftercare services) has a different mix of associated costs that must be determined as accurately as possible during each budget cycle. In turn, these costs are paid through a combination of state and county funding.

5. An average daily rate is calculated for each type of care based on the projected annual cost and the estimated ADP for that type of care. Either the state or counties are charged that rate for each juvenile provided with the service. In the case of the counties, this daily rate may be paid through GPR youth aids allocated to each county on a calendar year basis or through other county funding, if state youth aids funding is not available. The care and treatment of certain violent, extended jurisdiction and serious juvenile offenders, effective July 1, 1996, is paid with state GPR funding under the serious juvenile offender appropriation.

6. The projected juvenile population for a given budget cycle is, therefore, a critical

determination, affecting the rates charged to counties and to the state's serious juvenile offender appropriation. When the costs of care remain relatively fixed, it is the variation in juvenile population projections that most affects changes in the daily rates. If the population is projected to increase, the average daily rates will decrease. Conversely, if juvenile population is projected to decrease, the daily rates will increase.

Institutional Population Reestimate

7. Under the bill, the ADP for juveniles placed in secured correctional facilities is projected to total 830 in 2003-04 and 829 in 2004-05.

8. Juvenile populations in secured correctional facilities have varied. A dramatic five-year growth period occurred in the years 1991-92 through 1995-96, when the ADP for institutional care grew from 671 to 1,038. Populations since then are shown in the table below. The 2002-03 ADP is a year-end projection based on actual data through March, 2003.

<u>Year</u>	<u>ADP</u>	<u>% Change</u>
1995-96	1,038	--
1996-97	946	-8.9%
1997-98	925	-2.2
1998-99	965	4.3
1999-00	949	-1.7
2000-01	953	0.4
2001-02	869	-8.8
2002-03*	805	-7.4

*Estimated.

9. The decline to 946 juveniles in 1996-97 and to 925 juveniles in 1997-98 may be attributed, in large part, to the statutory modification, effective January 1, 1996, that treated 17-year-old offenders in Wisconsin as adults. The decline in recent years is more likely the result of several interrelated factors.

10. First, juvenile arrest statistics may partially explain this trend. Between 1992 and 1996, juvenile arrests for violent crime averaged 2,410 annually, and juvenile arrests for serious property crime averaged 29,581 annually. In the period 1997 through 2001, juvenile arrests for violent crime averaged 2,131 annually (an 11.6% decrease), and juvenile arrests for serious property crime averaged 22,809 annually (a 22.9% decrease). In the five-year period between 1997 and 2001, juvenile arrests for violent crimes have declined by 16.4%, and juvenile arrests for serious property crimes have declined by 27.6%. As a result, it would be expected that placements at secured juvenile correctional facilities would also decline.

11. Second, there has been a decrease in the absolute numbers of juveniles within their age cohorts. According to DOA demographic projections, juvenile populations are expected to

decline between 2000 and 2005 by 3.2% for the 10 to 14 year old age cohort and by 3.6% for the five to 17 year old age cohort. This decline in juvenile population is expected to continue between 2005 and 2010, before trending up again after 2010.

12. Finally, some of the decline in ADP at the secured juvenile correctional facilities may be due to counties attempting to limit placements at state institutions and placing some juveniles instead in local, community settings that may be less expensive. Presumably this would not occur for juveniles committing more serious offenses, but could be a factor in the placement of juveniles who commit somewhat less serious offenses. In these latter cases, courts may have more discretion to select different care and treatment options and may choose a less expensive setting for certain appropriate juveniles. There is no data available to assess the importance of this factor, but it should be expected to occur, given the cost of state institutional care and the fiscal pressures on county budgets.

13. The Governor's ADP estimate for secured juvenile correctional facilities (830 in 2003-04 and 829 in 2004-05) is identical to that made in DOC's biennial budget request. The Department's estimate was developed in the summer of 2002. At that time, the estimate appeared reasonable, based on 2001-02 population data. However, with a revised 2002-03 projected ADP of 805, the Governor's projection for the 2003-05 biennium appears to be too high, as a decline in institutional populations now appears to be occurring.

14. ADP data in recent weeks has reflected placements below 800 juveniles at secured correctional facilities. These levels may be an anomaly and may not be representative of the ADP that will occur in the 2003-05 biennium. On the other hand, the projections under the bill should be adjusted on the basis of the recent population data. This analysis suggests that juvenile institutional ADP should be reestimated at 800 juveniles annually in the 2003-05 biennium.

Institutional Daily Rate Recalculation

15. As shown above in Table 2, the bill would establish statutory daily rates for institutions, as well as for other types of juvenile care and treatment. Under the bill, the daily rate for secured correctional facilities would be established \$190 in 2003-04 and \$194 in 2004-05, based on ADP projections of 830 juveniles in 2003-04 and 829 juveniles in 2004-05. Following the introduction to the bill, budget errata from the administration show that the cost basis used to calculate the daily rates for institutional care did not include certain reductions made under the bill. Accounting for these corrections, the daily rate would be reduced to \$187 in 2003-04 and \$191 in 2004-05. [Similarly, the errata would also modify the daily rate for corrective sanctions from \$88 in 2003-04 and \$89 in 2004-05, to \$86 in 2003-04 and the bill's \$88 in 2004-05. This modification is accurate. The errata also make a slight adjustment to aftercare costs that does not change the rounded aftercare daily rate.]

16. In the absence of any modification to juvenile institutional costs (as corrected), the consequence of lowering the ADP projections to 800 juveniles annually in the 2003-04 biennium is to increase the daily rate to \$194 in 2003-04 and to \$198 in 2004-05. These adjustments represent

an increase of \$4 each year, compared to the bill, and an increase of \$7 each year, compared to the corrected rates.

17. The Committee could modify the cost basis for calculating institutional daily rates through action on two other corrections-related papers: (a) Paper #258, [Population-Related Position Reductions at Secured Correctional Facilities]; and (b) Paper #225, [Standard Budget Adjustments]. All the Committee's actions will be reflected in the revised daily rate calculation that will be included in the Committee's substitute amendment to SB 44 following its deliberations on these issues.

18. The bill also provides that the daily rates for state-provided services (secured correctional facilities, corrective sanctions, and aftercare supervision) be specified in statute rounded to the nearest dollar (see Table 2). Under current law, only daily rates for alternate care settings (residential care centers, group homes, regular foster homes, and treatment foster homes) are rounded to the nearest dollar.

19. The following table compares the rounded and the actual rates for institutional care under the bill (adjusted for the budget errata and incorporating the revised ADP projections discussed above).

<u>Daily Rates</u>	<u>2003-04</u>	<u>2004-05</u>
Rounded Rates	\$194.00	\$198.00
Actual Rates	194.16	198.31
Difference	0.16	0.31
Annual Effect	\$46,800	\$90,500

20. The difference between the rounded and actual rates multiplied by the ADP projection and the number of days in the year results in the annual effect shown in the table. In this case, both years were rounded down and, as a result, the annual rounding difference represents a loss of program revenue for DOC and a savings for counties and the state's serious juvenile offender (SJO) appropriation. If the calculation results in an exact dollar amount that is rounded up, then the counties and the SJO appropriation would pay more under the rounding approach, and DOC would gain program revenue. This effect would also be mirrored with the rounded rates for the corrective sanctions program and aftercare services.

21. In the case of secured correctional facility care, the rounding provision would result in a loss in program revenue to the state of \$137,300 in the 2003-05 biennium. In the case of the corrective sanctions program and aftercare services, the rounding provision would result in counties and the SJO appropriation paying an additional \$15,400 and \$800 respectively in the 2003-05 biennium. In total, for all types of state care, state program revenue would be reduced by \$121,100 in the biennium, under the cost corrections and revised ADP projections used in this analysis. [Note that these figures would change for each modification that might be made to the ADP projection or

the cost basis for each type of care.]

22. DOC officials indicate that the rounding provision was sought to make calculations easier for both state and local officials following the establishment of the daily rates. The Department advises that the use of whole numbers helps eliminate data entry errors and makes certain calculation errors easier to identify. It is also possible that the positive or negative effects on state program revenue or county or SJO payments would even out over time.

ALTERNATIVES

1. Reestimate the average daily population for secured correctional facilities at 800 juveniles annually in 2003-04 and 2004-05. Adopt the Governor's recommendation that the daily rates for state-provided services be specified in statute, rounded to the nearest dollar, and provide the following statutory daily rates for state-provided services:

	Reestimated	
	7-1-03 thru 6-30-04	7-1-04 thru 6-30-05
Secured Correctional Facilities	\$194.00	\$198.00
Corrective Sanctions	86.00	88.00
Aftercare Supervision	25.00	26.00

2. Reestimate the average daily population for secured correctional facilities at 800 juveniles annually in 2003-04 and 2004-05. Delete the provision that the statutory daily rates for state-provided services be rounded to the nearest dollar and instead specify the exact daily rates in statute. Provide the following statutory daily rates for state-provided services:

	Reestimated	
	7-1-03 thru 6-30-04	7-1-04 thru 6-30-05
Secured Correctional Facilities	\$194.16	\$198.31
Corrective Sanctions	86.06	87.63
Aftercare Supervision	25.02	25.97

Prepared by: Art Zimmerman



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

May 15, 2003

Joint Committee on Finance

Paper #256

Alternate Care (DOC -- Juvenile Corrections)

[LFB 2003-05 Budget Summary: Page 126, #3]

CURRENT LAW

The residential aftercare appropriation (alternate care) funds the costs of care for juveniles placed in residential care centers for children and youth (formerly termed child caring institutions), foster care homes, treatment foster care homes, group homes and certain other living arrangements. Base funding for the residential aftercare appropriation is \$14,309,000 PR annually. DOC charges counties and the state (for certain serious juvenile offenders) statutory daily rates for juveniles placed in residential care centers, group homes, foster care homes, and treatment foster care homes.

GOVERNOR

Reduce base funding by \$2,274,500 PR in 2003-04 and \$1,796,700 PR in 2004-05 for juvenile residential aftercare, to reflect decreasing population estimates.

Under the bill, the alternate care average daily population (ADP) is projected at 171 in 2003-04 and 168 in 2004-05. The following table shows the statutory alternate care rates for 2002-03 and the rates proposed under the bill for 2003-04 and 2004-05.

	Statutory Rates 1-1-02 thru 6-30-03	Governor	
		7-1-03 thru 6-30-04	7-1-04 thru 6-30-05
Residential Care Centers	\$226.00	\$225.00	\$239.00
Group Homes	135.00	142.00	149.00
Treatment Foster Homes	85.00	88.00	92.00
Regular Foster Homes	43.00	47.00	49.00

DISCUSSION POINTS

1. *Population-Based Adjustments.* The base funding for alternate care (\$14,309,000 PR) is based on an estimated ADP of 199 juveniles in 2002-03. The ADP for alternate care totaled 176.4 in 2001-02. Through March, 2003, the 2002-03 ADP has totaled 164.3.

2. In addition to the alternate care types specified in statute, the Department also utilizes special living arrangements for certain juveniles. These typically involve monitored living situations (dorm-style settings or small apartments) for individuals who are 18 to 21 years of age and still subject to a juvenile disposition, but who are too old to be placed in a juvenile facility. An average cost for these other types of living arrangements is also estimated by the Department in order to budget for the residential aftercare appropriation. Under the Governor's recommendation, an ADP of approximately 4.0 juveniles would be served in these settings annually at an average daily cost of \$72 in 2003-04 and \$80 in 2004-05. In the case of special living arrangements, DOC charges counties and the state for the actual cost of each placement for the serious juvenile offenders.

3. Alternate care is a subset of juveniles receiving aftercare supervision services. Under the bill, it is assumed that about 71% of aftercare juveniles would be placed in some type of alternate care setting (resulting in the ADP projection of 171 in 2003-04 and 168 in 2004-05). This estimate, as well as estimates for the total number of juveniles to be placed in each type of alternate care setting, were based on 2001-02 alternate care data.

4. By utilizing data from the most recent 12-month period [April, 2002, through May, 2003] alternate care ADP can be reestimated at 161 in 2003-04 and 159 in 2004-05. The ADP for each type of alternate care can also be reestimated on the basis of this more recent data. As a result of this revised ADP data, the appropriation requirements for alternate care can be reestimated at \$11,414,600 PR in 2003-04 and \$11,871,500 PR in 2004-05. These recalculated amounts represent a reduction to the bill of \$619,900 PR in 2003-04 and \$640,800 PR in 2004-05, based on the Governor's recommended daily rates.

5. *Rate-Based Adjustments.* Alternate care rates are estimated under the bill by taking the actual average rates paid for each type of care for the first six months in 2002, and applying annual percentage rates of increase (6% for residential care centers for children and youth, 5% for group homes, foster care and treatment foster care, and 11% for special living arrangements) to estimate the 2002-03, 2003-04, and 2004-05 average rates. The estimated 2003-04 and 2004-05 average rates and projected ADP for each type of alternate care placement are then used to calculate the needed expenditure authority for the alternate care appropriation.

6. While the statutory daily rate for each type of placement is a projected average rate, the actual rate charged by each facility within a type of care, for example group homes, can vary significantly. DOC must place juveniles in appropriate settings, but must also balance the needs of juveniles with the budgetary constraints established by the total appropriated funding levels for alternate care.

7. Foster care and treatment foster care settings have minimum monthly rates for care established by statute, with a variety of supplemental add-on payments that are established under DHFS rules. The applicable supplements vary on a case-by-case basis, depending on the needs of the child or juvenile. The statutory minimum and supplemental payment amounts tend to be stable over time, so increases or decreases in state costs for these settings generally reflect changing needs of juveniles, rather than inflationary cost increases.

8. Under the bill, the average daily rates for foster care and treatment foster care are estimated by assuming 5% annual increases in 2002-03, 2003-04, and 2004-05. This approach projects cost increases for the care of juveniles with increasingly complex needs. The cost adjustment appears reasonable. It should be noted that year-to-date costs in 2002-03 for foster care is averaging about \$68 per day, per juvenile, which actually exceeds the projected average daily rates under the bill. This is an indication that the particular needs of juveniles currently placed in foster care is high. However, the ADP for foster care is very low (1.6 juveniles in 2002-03), so the overall budget impact of these costs is manageable.

9. Residential care centers and group homes are required by statute to establish a per client rate for their services and to charge all purchasers the same rate. Daily rates for each facility are established on a calendar-year basis and reported to DHFS, which publishes the rate for each facility.

10. The annual percentage increases for residential care centers (6%) and group homes (5%) assumed under the bill may be reconsidered in light of more recent data. Actual expenditures for alternate care placements by DOC in 2002-03 are available through January, 2003. Expenses for the first six months of this fiscal year (July to December, 2002) would reflect 2002 daily rates for residential care centers and group homes and expenses for one month (January, 2003) would reflect 2003 daily rates. If the January costs are assumed to continue each month through June, an estimate of 2002-03 alternate care costs can be determined. This estimate shows that per person daily costs in 2002-03 would be estimated at \$205 for residential care center placements and \$133 for group home placements. Under the bill, 2002-03 costs for these placements were projected at \$212 and \$135, respectively. These revised projected 2002-03 per-person, daily costs are 3.3% less than the projected 2002-03 costs under the bill for residential care centers and 1.5% less for group homes.

11. A comparison of actual rate changes between calendar years 2002 and 2003 shows that rates increased by an average of 3.4% for residential care centers and by an average 4.1% for group homes. [These calculations exclude several facilities where the rate increase or decrease was so large that it likely reflected a change in programming level rather than an inflationary adjustment.] These lower than anticipated increases may generally be due to the slow economy. For example, the inflationary rate under the consumer price index is currently projected at 1.99% in 2003-04 and 1.86% in 2004-05.

12. This data suggests that the percent increases assumed under the bill may overstate the growth in costs in the 2003-05 biennium. Thus, it could be argued that the projected annual

percentage increases for 2003-04 and 2004-05 should be reduced from 6% to 3.5% for residential care centers and from 5% to 4.5% for group homes and then applied to the newly estimated 2002-03 costs for these types of care.

13. These percentages would generally reflect the increases experienced between 2002 and 2003. These adjustments would result in the following revised daily rates: (a) for residential care centers, \$212 in 2003-04 and \$219 in 2004-05 (as compared to \$225 in 2003-04 and \$239 in 2004-05 under the bill); and (b) for group homes, \$139 in 2003-04 and \$145 in 2004-05 (as compared to \$142 in 2003-04 and \$149 in 2004-05 under the bill).

14. *Summary of Adjustments.* Based on the revised daily rates for residential care centers and group homes, and the modified ADP projections for alternate care settings, the appropriation for alternate care can be recalculated to total \$10,842,600 PR in 2003-04 and \$11,014,700 PR in 2004-05. These amounts would represent a reduction to the bill of \$1,191,900 PR in 2003-04 and \$1,497,600 PR in 2004-05.

15. The potential disadvantage of incorporating these reestimates into the bill would be that alternate care revenue, which is based on the statutory rate, could be less than adequate to cover actual costs, if placement costs for residential care centers or group homes increase beyond the projections (either through actual rate increases or due to greater care and treatment needs of juveniles). The higher rates under the bill would be better suited to deal with this situation, if it occurred.

ALTERNATIVES

1. Approve the Governor's recommendation to reduce base funding by \$2,274,500 PR in 2003-04 and \$1,796,700 PR in 2004-05 for juvenile residential aftercare, to reflect decreasing population estimates. Approve the Governor's daily rates for alternate care settings, as follows:

	<u>Governor</u>	
	<u>7-1-03 thru</u> <u>6-30-04</u>	<u>7-1-04 thru</u> <u>6-30-05</u>
Residential Care Centers	\$225.00	\$239.00
Group Homes	142.00	149.00
Treatment Foster Homes	88.00	92.00
Regular Foster Homes	47.00	49.00

2. Delete \$619,900 PR in 2003-04 and \$640,800 PR in 2004-05 to modify the Governor's provision to reflect reestimated average daily populations for alternate care of 161 juveniles in 2003-04 and 159 juveniles in 2004-05. Approve the Governor's daily rates for alternate care settings, as follows:

	<u>Governor</u>	
	<u>7-1-03 thru</u> <u>6-30-04</u>	<u>7-1-04 thru</u> <u>6-30-05</u>
Residential Care Centers	\$225.00	\$239.00
Group Homes	142.00	149.00
Treatment Foster Homes	88.00	92.00
Regular Foster Homes	47.00	49.00

Alternative 2	PR
2003-05 FUNDING (Change to Bill)	- \$1,260,700

3. Delete \$1,191,900 PR in 2003-04 and \$1,497,600 PR in 2004-05 reflect: (a) reestimated average daily populations for alternate care of 161 juveniles in 2003-04 and 159 juveniles in 2004-05; and (b) reestimated daily rates for residential care centers and group homes. Approve daily rates for alternate care settings, as follows:

	<u>Governor</u>	
	<u>7-1-03 thru</u> <u>6-30-04</u>	<u>7-1-04 thru</u> <u>6-30-05</u>
Residential Care Centers	\$212.00	\$219.00
Group Homes	139.00	145.00
Treatment Foster Homes	88.00	92.00
Regular Foster Homes	47.00	49.00

Alternative 3	PR
2003-05 FUNDING (Change to Bill)	- \$2,689,500

Prepared by: Art Zimmerman



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

May 15, 2003

Joint Committee on Finance

Paper #258

Population-Related Position Reductions at Secured Correctional Facilities (DOC -- Juvenile Corrections)

[LFB 2003-05 Budget Summary: Page 128, #5]

CURRENT LAW

Base funding of \$58,762,600 PR is provided for the operation of secured correctional facilities for juveniles, excluding the Prairie du Chien facility, which is currently utilized as an adult prison. Base level position authority, exclusive the Prairie du Chien facility, totals 906.68 PR positions.

GOVERNOR

Reduce funding by \$1,941,200 PR and 46.04 PR positions annually to reflect a projected decrease in juvenile populations for the state's secured correctional facilities. The position reductions would include: (1) 2.34 positions budgeted in the Division of Juvenile Corrections central office; (2) 21.05 positions at the Ethan Allen School; (3) 12.95 positions at the Lincoln Hills School; and (4) 9.70 positions at the Southern Oaks Girls School.

DISCUSSION POINTS

1. The 46.04 full-time equivalent (FTE) positions eliminated under the bill have been identified by the Department as long-term vacancies that have remained unfilled for periods ranging from July 1, 1998, to March 9, 2002. The classifications and the associated number of FTE positions that would be deleted are as follows:

<u>Position Classification</u>	<u>FTE</u>
Chaplain	0.50
Correctional Services Manager	0.34
Corrections Food Service Leader	1.00
Corrections Unit Supervisor	3.00
Custodial Services Program Supervisor	1.00
Executive Staff Assistant	1.00
Experiential Recreation Specialist	1.00
Financial Clerk	1.00
Food Service Manager	1.00
IS Business Automation Senior	0.50
Maintenance Mechanic	1.00
Program Assistant	1.50
Psychologist - Senior Doctorate	1.00
Social Worker	7.00
Supervising Youth Counselor	2.00
Teacher	5.50
Teacher Assistant	1.00
Youth Counselor	<u>16.70</u>
Total	46.04

2. The Governor's recommended deletion of 46.04 PR vacant positions with associated savings of \$1,941,200 PR annually has the effect of reducing the daily rate for facility care by approximately \$6.39 in 2003-04 and \$6.42 in 2004-05, based on the population projections in the bill.

3. An analysis has determined that approximately 17 of the 46.04 vacant positions specified here have since been filled. However, if the Governor's recommendation is approved, the Department (with DOA approval) would be required to identify other positions for deletion since DOC position authority and expenditure authority would have been reduced, as specified under the bill.

4. Currently, 906.68 positions are authorized for the operation of the secured correctional facilities for juveniles. Under the bill, position authority would be reduced by 110.22 positions (a reduction of 12.2%) to a total of 796.46 positions. These reductions include: (a) the 46.04 positions identified above; (b) 46.0 positions relating to the elimination of the juvenile boot camp; (c) 13.0 positions affected by base budget reductions; (d) 4.5 positions transferred to the Prairie du Chien facility that serves adult prisoners; and (e) 0.68 position associated with a departmentwide realignment.

5. Recent state agency position vacancy data indicates that 103.7 positions are currently vacant (11.4% of the total positions authorized). Of these vacancies, 46.04 would be deleted under this provision and an additional 3.0 FTE would be eliminated as part of base budget reductions (the base reductions would also delete 10.0 filled positions). A total of 54.66 FTE vacant positions would remain.

6. DOC officials indicate that the number of vacant positions varies depending on juvenile populations, the particular needs of juveniles under the Department's care, and the timing of employee retirements, turnover and rehiring. Consequently, the Department requires a pool of vacant positions in order to address changing conditions and possible increases in juvenile populations. Without such a reserve, the Department's ability to respond to changing conditions with the right staffing mix would be restricted. Officials argue that additional staffing reductions could have a negative effect on care and treatment programming and caseloads for current staff.

7. Significant growth in average daily population (ADP) for juveniles was common from the mid-1980s through 1996. From 1996 to 2000, ADP fluctuated somewhat, but was relatively stable. In recent years populations have been declining. In state fiscal year 2000-01, secured correctional facility ADP totaled 952.9, in 2001-02, ADP declined to 869.2, and the year-to-date ADP for 2002-03 (through March) is 814.3. Under the bill ADP projections for juveniles total 830 in 2003-04 and 829 in 2004-05. In Paper #255, populations are reestimated at 800 annually in 2003-04 and 2004-05.

8. Under the bill, the daily rates for secured correctional facility care are provided at \$190 in 2003-04 and \$194 in 2004-05. Subsequent to the bill's introduction, corrected rates of \$187 in 2003-04 and \$191 in 2004-05 were determined by DOA.

9. The calculation of daily rates depends on two variables. The first is the anticipated ADP for a particular type of care. The second is the budgeted cost for that type of care. If the budgeted cost of care remains the same and estimated population is reduced, daily rates increase. Therefore, if populations are reestimated to 800 annually in the 2003-05 biennium, daily rates would increase by approximately \$7 in both 2003-04 and 2004-05 (compared to the corrected daily rates under the bill), if no other cost reductions are made.

10. Position authority under the bill would be reduced to 796.46 positions with the ADP estimated at 830 in 2003-04 and 829 in 2004-05. With a reduction of the ADP estimate to 800 annually, it could be argued that position authority for 796.46 FTE staff reflects a capacity to serve higher juvenile populations than are currently under state care (or anticipated in the 2003-05 biennium). Further, it could be argued that the cost basis under the bill for determining the daily rate is higher than is necessary to serve the lower projected population levels.

11. Budgeted costs are difficult to reduce. This is because a large proportion of total expenditures is attributable to fixed costs (such as necessary minimum staffing requirements and infrastructure factors such as maintenance and utilities) necessary to keep correctional institutions in operation. Such costs do not vary substantially due to a moderate increase or decrease of populations.

12. The vacant positions remaining after the reductions recommended under the bill would tend to be shorter-term vacancies, some of which may need to be filled to maintain care and treatment functions. However, the deletion of vacant positions or the costs associated with these positions has the greatest potential for reducing juvenile care costs sufficiently to reduce daily rates.

13. As described earlier, 54.66 FTE vacant positions would remain following the Governor's recommended base level position reductions. These positions would represent 6.9% of the remaining authorized positions under the bill for the juvenile corrections function. The Department argues that applying additional reductions to these vacant positions could impair its ability to provide the required care and treatment for juveniles placed in its custody. This concern appears to be reasonable. However, deleting additional vacant positions may not be necessary to achieve the goal of reducing budgeted costs and, in turn, the daily rate for care. The Committee could choose, for example, to delete the funding for a portion of the vacant positions, but leave the position authority intact, in case the Department faced additional staffing demands.

14. Fluctuations in population are difficult to project. Deleting expenditure authority, but not positions, would provide the Department with the ability to respond more quickly in the event additional hiring is needed to address changing conditions. If populations increase, daily-rate revenue would also likely be sufficient to support the new hiring. Thus, increased expenditure authority, if needed, could be approved by the Committee under s. 16.515 procedures to support the unfunded positions.

15. The salary and fringe benefits costs of the 54.66 vacant positions total approximately \$2.4 million annually. The Department would need to retain expenditure authority for some vacant positions in order to have flexibility to address changing needs. Under this alternative, approximately 70% of the budgeted expenditure authority for salaries and fringe benefits associated with these 54.66 vacant positions would be deleted, resulting in savings of \$1,650,000 PR annually. In addition, \$93,600 PR in 2003-04 and \$117,000 PR in 2004-05 in compensation reserves associated with the salary reductions could also be deleted from the cost basis used to calculate daily rates. In total, \$1,743,600 in 2003-04 and \$1,767,000 in 2004-05 would be removed from the cost basis used for determining the daily rates. This action would produce a reduction in the daily rate of \$5.95 in 2003-04 and \$6.05 in 2004-05 (based on a revised ADP estimate of 800 annually).

ALTERNATIVES

1. Approve the Governor's provision to reduce funding by \$1,941,200 PR and 46.04 PR positions annually to reflect a projected decrease in juvenile populations for the state's secured correctional facilities. The specific positions to be deleted would be determined by the Department of Corrections, with the approval of the Department of Administration, following enactment of the 2003-05 biennial budget act.

2. *In addition to Alternative 1*, delete \$1,650,000 PR annually in expenditure authority relating to currently vacant positions. [The reductions and associated decreases in compensation reserves (\$93,600 in 2003-04 and \$117,000 in 2004-05) would result in the removal of \$1,743,600 in 2003-04 and \$1,767,000 in 2004-05 from the cost basis for calculating daily rates of care for juveniles placed in secured correctional facilities. This would reduce the daily rate (based on revised population estimates) by \$5.95 in 2003-04 and \$6.05 in 2004-05.]

Alternative 2

PR

2003-05 FUNDING (Change to Bill)

- \$3,300,000

Prepared by: Art Zimmerman



State of Wisconsin
2003 - 2004 LEGISLATURE

LRBb0201/1
GMM...Y:.....1
ijs

LFB:.....Zimmerman – Youth aids daily rates

FOR 2003-05 BUDGET — NOT READY FOR INTRODUCTION
SENATE AMENDMENT ,
TO 2003 SENATE BILL 44

1 At the locations indicated, amend the bill as follows:

2 1. Page 961, line 3: delete lines 3 to 20 and substitute:

3 "SECTION 2492d. 301.26 (4) (d) 2. of the statutes is amended to read:

4 301.26 (4) (d) 2. Beginning on July 1, ~~2001~~ 2003, and ending on June 30, ~~2002~~
5 2004, the per person daily cost assessment to counties shall be ~~\$167.57~~ \$189 for care
6 in a Type 1 secured correctional facility, as defined in s. 938.02 (19), ~~\$167.57~~ \$189 for
7 care for juveniles transferred from a juvenile correctional institution under s. 51.35
8 (3), ~~\$213~~ \$225 for care in a residential care center for children and youth, ~~\$129~~ \$142
9 for care in a group home for children, ~~\$41~~ \$47 for care in a foster home, ~~\$81~~ \$88 for
10 care in a treatment foster home, ~~\$82.56~~ \$86 for departmental corrective sanctions
11 services, and ~~\$21.96~~ \$25 for departmental aftercare services.

1 **SECTION 2493d.** 301.26 (4) (d) 3. of the statutes is amended to read:

2 301.26 (4) (d) 3. Beginning on July 1, ~~2002~~ 2004, and ending on June 30, ~~2003~~
3 2005, the per person daily cost assessment to counties shall be ~~\$172.51~~ \$192 for care
4 in a Type 1 secured correctional facility, as defined in s. 938.02 (19), ~~\$172.51~~ \$192 for
5 care for juveniles transferred from a juvenile correctional institution under s. 51.35
6 (3), ~~\$226~~ \$239 for care in a residential care center for children and youth, ~~\$135~~ \$149
7 for care in a group home for children, ~~\$43~~ \$49 for care in a foster home, ~~\$85~~ \$92 for
8 care in a treatment foster home, ~~\$84.50~~ \$88 for departmental corrective sanctions
9 services, and ~~\$22.66~~ \$26 for departmental aftercare services.”

10 History: 1995 a. 27 ss. 6363p, 9126 (19); 1995 a. 77, 352, 416, 417; 1997 a. 27, 35, 237, 252; 1999 a. 9, 32; 2001 a. 16, 59, 109.

(END)

60201

03-04

04-05

JCI Rate \$183

\$187

Art

5/29/03



State of Wisconsin
2003 - 2004 LEGISLATURE

LRBb0201/1
GMM:cjs:cph

2
RMR

LFB:.....Zimmerman – Youth aids daily rates

FOR 2003-05 BUDGET — NOT READY FOR INTRODUCTION
SENATE AMENDMENT,
TO 2003 SENATE BILL 44

(use twice)

\$183

1 At the locations indicated, amend the bill as follows:

2 1. Page 961, line 3: delete lines 3 to 20 and substitute:

3 "SECTION 2492d. 301.26 (4) (d) 2. of the statutes is amended to read:

4 301.26 (4) (d) 2. Beginning on July 1, ~~2001~~ 2003, and ending on June 30, ~~2002~~

5 2004, the per person daily cost assessment to counties shall be ~~\$167.57~~ \$183 for care

6 in a Type 1 secured correctional facility, as defined in s. 938.02 (19), ~~\$167.57~~ \$183 for

7 care for juveniles transferred from a juvenile correctional institution under s. 51.35

8 (3), ~~\$213~~ \$225 for care in a residential care center for children and youth, ~~\$129~~ \$142

9 for care in a group home for children, ~~\$41~~ \$47 for care in a foster home, ~~\$81~~ \$88 for

10 care in a treatment foster home, ~~\$82.56~~ \$86 for departmental corrective sanctions

11 services, and ~~\$21.96~~ \$25 for departmental aftercare services.

12 SECTION 2493d. 301.26 (4) (d) 3. of the statutes is amended to read:

\$187 (use twice)

1 301.26 (4) (d) 3. Beginning on July 1, ~~2002~~ 2004, and ending on June 30, ~~2003~~
2) 2005, the per person daily cost assessment to counties shall be ~~\$172.51~~ \$192 for care
3) in a Type 1 secured correctional facility, as defined in s. 938.02 (19), ~~\$172.51~~ \$192 for
4 care for juveniles transferred from a juvenile correctional institution under s. 51.35
5 (3), ~~\$226~~ \$239 for care in a residential care center for children and youth, ~~\$135~~ \$149
6 for care in a group home for children, ~~\$43~~ \$49 for care in a foster home, ~~\$85~~ \$92 for
7 care in a treatment foster home, ~~\$84.50~~ \$88 for departmental corrective sanctions
8 services, and ~~\$22.66~~ \$26 for departmental aftercare services.”

(END)



State of Wisconsin
2003 - 2004 LEGISLATURE

LRBb0201/2/

GMM:cjs:ts

stays

3
DJM

LFB:.....Zimmerman – Youth aids daily rates

FOR 2003-05 BUDGET — NOT READY FOR INTRODUCTION

SENATE AMENDMENT ,

TO 2003 SENATE BILL 44

- 1 At the locations indicated, amend the bill as follows:
- 2 1. Page 961, line 3: delete lines 3 to 20 and substitute:
- 3 "SECTION 2492d. 301.26 (4) (d) 2. of the statutes is amended to read:
- 4 301.26 (4) (d) 2. Beginning on July 1, 2001 2003, and ending on June 30, 2002
- 5 2004, the per person daily cost assessment to counties shall be ~~\$167.57~~ \$183 for care
- 6 in a Type 1 secured correctional facility, as defined in s. 938.02 (19), ~~\$167.57~~ \$183 for
- 7 care for juveniles transferred from a juvenile correctional institution under s. 51.35
- 8 (3), ~~\$213~~ \$225 for care in a residential care center for children and youth, ~~\$129~~ \$142
- 9 for care in a group home for children, ~~\$41~~ \$47 for care in a foster home, ~~\$81~~ \$88 for
- 10 care in a treatment foster home, ~~\$82.56~~ \$86 for departmental corrective sanctions
- 11 services, and ~~\$21.96~~ \$25 for departmental aftercare services.
- 12 SECTION 2493d. 301.26 (4) (d) 3. of the statutes is amended to read:

\$ 87

1 301.26 (4) (d) 3. Beginning on July 1, ~~2002~~ 2004, and ending on June 30, ~~2003~~
2 2005, the per person daily cost assessment to counties shall be ~~\$172.51~~ \$187 for care
3 in a Type 1 secured correctional facility, as defined in s. 938.02 (19), ~~\$172.51~~ \$187 for
4 care for juveniles transferred from a juvenile correctional institution under s. 51.35
5 (3), ~~\$226~~ \$239 for care in a residential care center for children and youth, ~~\$135~~ \$149
6 for care in a group home for children, ~~\$43~~ \$49 for care in a foster home, ~~\$85~~ \$92 for
7 care in a treatment foster home, ~~\$84.50~~ \$88 for departmental corrective sanctions
8 services, and ~~\$22.66~~ \$26 for departmental aftercare services.”

(END)



State of Wisconsin
2003 - 2004 LEGISLATURE

LRBb0201/3
GMM:cjs:rs

LFB:.....Zimmerman – Youth aids daily rates

FOR 2003-05 BUDGET — NOT READY FOR INTRODUCTION
SENATE AMENDMENT ,
TO 2003 SENATE BILL 44

1 At the locations indicated, amend the bill as follows:

2 **1.** Page 961, line 3: delete lines 3 to 20 and substitute:

3 “SECTION 2492d. 301.26 (4) (d) 2. of the statutes is amended to read:

4 301.26 (4) (d) 2. Beginning on July 1, ~~2001~~ 2003, and ending on June 30, ~~2002~~
5 2004, the per person daily cost assessment to counties shall be ~~\$167.57~~ \$183 for care
6 in a Type 1 secured correctional facility, as defined in s. 938.02 (19), ~~\$167.57~~ \$183 for
7 care for juveniles transferred from a juvenile correctional institution under s. 51.35
8 (3), ~~\$213~~ \$225 for care in a residential care center for children and youth, ~~\$129~~ \$142
9 for care in a group home for children, ~~\$41~~ \$47 for care in a foster home, ~~\$81~~ \$88 for
10 care in a treatment foster home, ~~\$82.56~~ \$86 for departmental corrective sanctions
11 services, and ~~\$21.96~~ \$25 for departmental aftercare services.

12 **SECTION 2493d.** 301.26 (4) (d) 3. of the statutes is amended to read:

