



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #1190

Elimination of the Youth Challenge Program (Military Affairs)

[LFB Summary of the Governor's Budget Reform Bill: Page 64, #1]

CURRENT LAW

Under s. 21.26 of the statutes, the Department of Military Affairs (DMA) is required to administer a Youth Challenge program for disadvantaged youth according to program guidelines established under the federal 1998 Defense Authorization Act. The program is funded on a 40% GPR/60% FED basis and is currently appropriated \$1,175,800 GPR and \$1,911,00 FED in 2001-02 and \$1,280,400 GPR and \$1,912,600 FED in 2002-03. A total of 43.0 FTE positions (17.2 GPR and 25.8 FED) is authorized for the program. Based on federal staffing guidelines, these positions include 21.0 FTE program administrative, instructional and counseling personnel and 22.0 FTE live-in youth counselors. Equipment and facilities of the Wisconsin National Guard may be used to carry out the program.

GOVERNOR

Delete \$1,280,400 GPR and \$1,912,600 FED in 2002-03 and eliminate 17.2 GPR and 25.8 FED positions to reflect the July 1, 2002, repeal of both the GPR-funded appropriation for the Youth Challenge program and the requirement that the Department operate the program.

DISCUSSION POINTS

1. The Youth Challenge program is a 22-week residential program operated at Fort McCoy for youths aged 16 to 18 who are either high school dropouts or habitual truants who will not graduate from high school. Following the residential phase of the program, there is a 12-month phase where graduates are matched with mentors who offer support and guidance to the graduates. The overall goal of the program is to aid these youths in learning life skills, increasing their

employment potential and preparing them for the high school equivalency degree exam.

2. The origin of the program dates to the 1993 Defense Authorization Act, which provided seed monies for programs in 10 states. Wisconsin was not among the states initially funded by that federal legislation. However, the state did receive funds for a more modest six-week residential program that was piloted in 10 additional states for youths who had not yet dropped out of school but were deemed in danger of doing so.

3. The 1998 Defense Authorization Act established the Youth Challenge program on a permanent basis, provided funding to expand the program beyond the original 10 states, and eliminated the six-week pilot programs. The federal Act also established a state matching requirement in order to secure the federal funding. A 25% state match was initially required for the 1998-99 fiscal year, with an additional 5% state match required in each successive fiscal year until the permanent 40% state/60% federal funding ratio was achieved for the 2001-02 fiscal year, and thereafter.

4. The DMA Youth Challenge program was first authorized under 1997 Wisconsin Act 237 (the 1998 budget adjustment act), which directed the agency to administer the program, provided the necessary GPR matching funds and authorized 43.0 FTE positions for program support. Both 1999 Wisconsin Act 9 and 2001 Wisconsin Act 16 provided the necessary additional state matching funds required by the federal legislation for the program's continuation in each successive biennium.

5. Since the inception of the state Youth Challenge program, seven 22-week classes have been completed at Fort McCoy. Youth Challenge Class VIII is currently in session. The following table summarizes, on a fiscal year basis, the number of program applicants, enrollees and graduates since the first cadet class in September, 1998. There are two cadet classes in each fiscal year.

**Youth Challenge Program
Enrollment and Graduation Statistics
(1998-99 through 2001-02)**

<u>Fiscal Year</u>	<u>Applicants</u>	<u>Enrolled</u>	<u>Graduates</u>	<u>Number Receiving High School Equivalency</u>
1998-99	427	221	154	114
1999-00	382	202	149	135
2000-01	360	207	153	132*
2001-02	159**	97**	74**	68**

*2000-01 classes are still completing the post-residential phase of the program; additional high school equivalency diplomas are possible.

**2001-02 figures for graduates and number receiving a high school equivalency diploma reflect fall, 2001, Class VII participants only. Class VIII is currently in session. A total of 158 individuals applied for Class VIII and 96 have been enrolled.

6. The following table characterizes the cost of the state's Youth Challenge program, on both a cost per enrollee basis and a cost per graduate basis for the 1998-99 through 2000-01 fiscal years, the last fiscal years for which complete expenditure data is available.

**Youth Challenge Program Costs
(1998-99 through 2000-02 Actual Costs per Enrollee)**

<u>Year</u>	<u># of Cadets</u>	<u>GPR Expenditures</u>	<u>GPR Per Cadet</u>	<u>FED Expenditures</u>	<u>FED per Cadet</u>	<u>Total Expenditures</u>	<u>Total per Cadet</u>
1998-99	221	\$543,800	\$2,461	\$1,625,700	\$7,356	\$2,169,500	\$9,817
1999-00	202	798,400	3,952	1,939,200	9,600	2,737,600	13,552
2000-01	207	1,022,200	4,938	1,977,400	9,553	2,999,600	14,491

(1998-99 through 2000-02 Actual Costs per Graduate)

<u>Year</u>	<u># of Cadets</u>	<u>GPR Expenditures</u>	<u>GPR Per Cadet</u>	<u>FED Expenditures</u>	<u>FED per Cadet</u>	<u>Total Expenditures</u>	<u>Total per Cadet</u>
1998-99	154	\$543,800	\$3,531	\$1,625,700	\$10,556	\$2,169,500	\$14,088
1999-00	149	798,400	5,358	1,939,200	13,015	2,737,600	18,373
2000-01	153	1,022,200	6,681	1,977,400	12,924	2,999,600	19,605

7. The increasing GPR costs and the decreasing FED costs on both a per enrollee and a per graduate basis are primarily attributable to the increasing GPR match requirement during the three fiscal years covered by the data. As a point of comparison, the program appears to be significantly less costly, on a per member basis, than the costs incurred by youths housed in the state's juvenile correction facilities. For example, for the 2000-01 fiscal year, the daily per capita cost (based on average daily population figures) for residential care at a juvenile correctional institution was \$183.76 per day. For the total number of youths enrolled in 2000-01 in the residential care portion of the Youth Challenge program, the daily per capita cost amounted to \$94.10 per day.

8. In addition to these cost characteristics, the program has reported the following results: (a) 60 graduates have earned certified nursing assistance credentials; (b) all graduates are qualified in first aid and cardiopulmonary resuscitation by the American Red Cross; (c) cadets have performed over 48,000 hours of community service while at Fort McCoy; and (d) 71 graduates have entered military service.

9. The apparent rationale for the elimination of the Youth Challenge program relates to the program's total cost relative to the other GPR-funded core responsibilities at DMA. The agency states that the readiness of the Wisconsin Army and Air National Guard (as well as the Division of Emergency Management) to perform their state and federal missions and to plan, prepare and respond to state emergencies is the Department's core function. In the agency's view, the Youth Challenge program is the only National Guard function that is not related to the Department's core readiness mission. At a time when the agency must reduce GPR funding commitments, the Youth Challenge program "was the only one we could give up without damaging readiness."

10. If the Committee believes that, on balance, these considerations have merit, then it could approve the Governor's recommendation to eliminate the program, effective July 1, 2002.

11. Arguments in favor of retaining the Youth Challenge program include the fact that the program is the only state-sponsored, residential program involving mentoring that is designed specifically for youths who are at risk of not completing high school. Based on the first three fiscal years of operation of the program, it could be argued that the program, on balance, has been successful in this regard. In each fiscal year, 69.7%, 73.8% and 73.9%, respectively, of all enrollees graduated from the program. Further, in each fiscal year, 51.6%, 66.8% and 63.8%, respectively, of all enrollees received a high school equivalency degree. Also, 60% of the cost of the program is federally financed. Finally, to the extent that the program serves to keep at-risk youths out of the correctional system, the program is less costly than that of the correctional system.

12. If the Committee does choose to adopt the Governor's recommendation and eliminate the Youth Challenge program, effective July 1, 2002, it may wish to provide transitional funding to phase-down the post-residential portion of the program for current enrollees. Currently, the program supports graduates from the residential phase of the program for 12 months following graduation. For Class VII, which graduated on December 15, 2001, post-residential mentoring extends to December 15, 2002. For the current Class VIII, graduation will occur on June 8, 2002, and the post-residential phase will extend until June 8, 2003. Federal guidelines require that case management reports for graduated cadets during the mentoring phase be reported for the purpose of federal program evaluation.

13. DMA estimates that the cost of this on-going reporting requirement would be \$70,000 (\$28,000 GPR and \$42,000 FED) for 1.0 FTE position (\$36,000), contract employee case managers (\$24,000) and associated supplies and services (\$10,000). If the Committee believes that this transitional funding and position should be provided, it could modify the Governor's recommendation to retain sufficient funding resources for this purpose. Additionally, 1.0 FTE position associated with the program would be retained on a one-year project basis to staff this function.

ALTERNATIVES TO BILL

1. Approve the Governor's recommendation.

2. Modify the Governor's recommendation by: (a) retaining the Youth Challenge program's GPR-funded appropriation through June 30, 2003; (b) providing \$28,000 GPR and \$42,000 FED in 2002-03 for the purpose of providing federal reports during the post-residential portion of the Youth Challenge program for current enrollees; (c) retaining 1.0 FTE position [0.4 GPR/0.6 FED] on a one-year project position basis for this purpose; and (d) authorizing the Department to continue these program phase-out functions through June 30, 2003.

Alternative 2	GPR	FED	TOTAL
2001-03 FUNDING	\$28,000	\$42,000	\$70,000
2002-03 POSITIONS	0.40	0.60	1.00

3. Delete the Governor's recommendation.

Alternative 3	GPR	FED	TOTAL
2001-03 FUNDING	\$1,280,400	\$1,912,600	\$3,193,000
2002-03 POSITIONS	17.20	25.80	43.00

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