

Corrections

Juvenile Corrections

(LFB Budget Summary Document: Page 148)

LFB Summary Items for Which Issue Papers Have Been Prepared

| <u>Item #</u> | <u>Title</u> |
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| 4 & 5 | Juvenile Population Estimates and Population and Inflationary Costs (Paper #260) |
| 3 | Juvenile Correctional Services Deficit (Paper #261) |
| 2 | Statutory Daily Rates (Paper #262) |

LFB Summary Items Removed From Budget Consideration

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| 1 | New County and State Facility and Closure of Lincoln Hills Deadlines |
| 7 | Serious Juvenile Offender Funding |
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June, 2021

Joint Committee on Finance

Paper #260

Juvenile Population Estimates (Corrections -- Juvenile Corrections)

[LFB 2021-23 Budget Summary: Page 149, #4 and #5]

CURRENT LAW

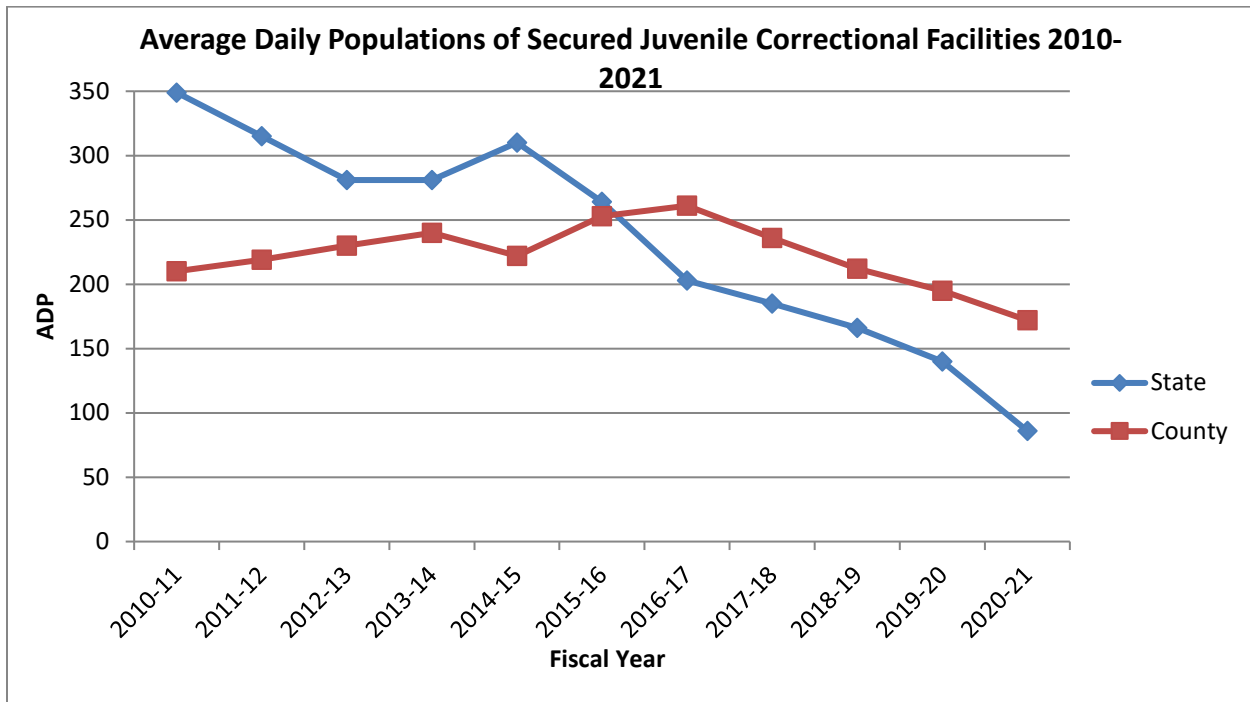
The juvenile population estimate is used for the calculation of the statutory daily rates at juvenile correctional facilities. Daily rates for juvenile care in a given biennium are specified in statute by fiscal year. Once the daily rate is calculated, it is used to determine: (a) what Corrections charges counties to house delinquent juveniles; (b) GPR funding required for the serious juvenile offenders; and (c) GPR funding required for the contract beds appropriation for qualified youth with adult sentences. This paper assumes that the Lincoln Hill/ Copper Lake schools remain open for the 2021-23 biennium.

Population-related base funding for juveniles are 1,125,400 PR, as follows: (a) \$326,000 for food costs at juvenile correctional facilities; (b) \$110,300 for variable non-food costs (such as clothing, laundry, and personal items); and (c) \$689,100 for juvenile health costs.

Under current law, the Department of Corrections may place persons who have not attained the age of 18 years but who are sentenced to the Wisconsin State Prisons at a juvenile correctional facility.

DISCUSSION POINTS

1. Legislation passed in 2013-15 and 2015-17 biennia has allowed counties to keep juveniles at county facilities for longer periods of time. Statutes currently allow counties to hold adjudicated juveniles up to 365 days. Prior to 2013, placements of more than 30 days were required to be at a state facility. The average ADP of county and state facilities from 2010-11 through 2020-April of 2021 is shown in the chart below. Note that the county ADPs include both pre-and post-dispositional placements.



2. Under Assembly Bill 68/Senate Bill 111, the juvenile correctional facility average daily population (ADP) is estimated as shown in the table below. The juvenile facilities include Lincoln Hills School (LHS) (males), Copper Lake School (CLS) (females), the Mendota Juvenile Treatment Center (MJTC), and the Grow Academy, an agriculture science-based experiential education program held at a facility in Oregon, Wisconsin. The population projections below assumed that the current statutory closing date of LHS/CLS (July 1, 2021) would be modified as recommended in AB 68/SB 111 to an unspecified future date when substitute placements that meet the needs of juveniles are ready.

| <u>Facilities</u> | <u>May 14, 2021 Actual Population</u> | <u>Average Daily Population</u> | |
|--------------------------------------|---|---------------------------------|----------------|
| | | <u>2021-22</u> | <u>2022-23</u> |
| Lincoln Hills School | 46 | 72 | 73 |
| Copper Lake School | 10 | 9 | 10 |
| Mendota Juvenile Treatment Center | 24 | 16 | 16 |
| Grow Academy | <u>3</u> | <u>2</u> | <u>2</u> |
| Total Juvenile Correctional Facility | 79 | 99 | 101 |

3. Based on the above population projections, AB 68/SB 111 modified population-related funding for juvenile corrections by -\$384,900 PR in 2021-22 and -\$311,700 PR in 2022-23, as follows: (a) -\$37,600 in 2021-22 and -\$26,200 in 2022-23 for food costs at juvenile correctional facilities; (b) -\$21,800 in 2021-22 and -\$20,000 in 2022-23 for variable non-food costs (such as clothing, laundry, and personal items); and (c) -\$325,500 in 2021-22 and -\$265,500 in 2022-23 for juvenile health costs.

4. The population projections include juveniles in the Serious Juvenile Offender (SJO) program. Estimated populations factor into population and inflationary costs for the juvenile correctional facilities, as well as statutory daily rate calculations. Further, juvenile populations are not expected to increase significantly due to recovery from COVID as demonstrated by declining Department of Corrections juvenile population predictions between the agency request and introduction of the budget bill. In addition, in 2020 the number of delinquency cases disposed by the counties was 4,803 as compared to 5,629 in 2019. This difference of 800 cases disposed appears to indicate that there are not as many juveniles waiting to be sent to Lincoln Hills/Copper Lakes especially as county detention facilities have seen declining populations as well.

5. While Corrections placed a hold on admissions to state facilities during the COVID pandemic, a similar hold was not placed on the juvenile facility.

6. The estimates used for AB 68/SB 111 were based on population data through June, 2020. While the overall average daily population for the juvenile correctional facilities during the summer of 2020 had been approximately 100 juveniles, populations during the past six months have generally been lower, as indicated by the actual populations also identified in the above table. Taking into account recent population trends, as well as historic population patterns, for the juvenile correctional schools, and aftercare, the estimated average daily population for juvenile placements may be adjusted as follows:

| | <u>Updated ADPs</u> | |
|-----------------------------------|---------------------|----------------|
| | <u>2021-22</u> | <u>2022-23</u> |
| Lincoln Hills School | 59 | 59 |
| Copper Lake School | 6 | 6 |
| Mendota Juvenile Treatment Center | 19 | 19 |
| Grow Academy | <u>2</u> | <u>2</u> |
| Total | 86 | 86 |

7. The reestimated populations assume a decrease in the number of juveniles placed in the schools than was estimated in AB 68/SB 111. As a result of a lower estimated population in the juvenile correctional facilities, population-related funding would decreased to the base by \$525,800 PR in 2021-22 and \$481,900 PR in 2022-23, associated with: (a) food costs (-\$91,800 PR in 2021-22 and -\$88,100 PR in 2022-23); (b) variable non-food costs (-\$38,500 PR in 2021-22 and -\$38,700 PR in 2022-23); and (c) juvenile health costs (-\$395,500 PR in 2021-22 and -\$355,100 PR in 2022-23).

8. On May 6, 2021, the Joint Committee on Finance removed a number of items from AB 68/SB 111 for further consideration. Among these items were proposed modifications to the juvenile correctional system. Therefore, for purposes of budgeting, the population estimate and other juvenile correctional papers for the 2021-23 biennium assume that the juvenile correctional schools will remain open and that any necessary modifications to current law will be occur in subsequent legislation.

MODIFICATION

Juvenile Population Estimates

Reestimate the juvenile correctional facility average daily population (ADP) to be 86.

| | Updated ADPs | |
|-----------------------------------|----------------|-----------------|
| | <u>2021-22</u> | <u>2022-23*</u> |
| Lincoln Hills School | 59 | 59 |
| Copper Lake School | 6 | 6 |
| Mendota Juvenile Treatment Center | 19 | 19 |
| Grow Academy | <u>2</u> | <u>2</u> |
| Total | 86 | 86 |

Population and Inflationary Costs

Decrease funding by \$525,800 PR in 2021-22 and \$481,900 PR in 2022-23, associated with: (a) food costs (-\$91,800 PR in 2021-22 and -\$88,100 PR in 2022-23); (b) variable non-food costs (-\$38,500 PR in 2021-22 and -\$38,700 PR in 2022-23); and (c) juvenile health costs (-\$395,500 PR in 2021-22 and -\$355,100 PR in 2022-23).

As a result, total population-related funding provided for the juvenile correctional facilities would be \$599,600 in 2021-22 and \$643,500 in 2022-23, as follows: (a) \$234,200 in 2021-22 and \$237,900 in 2022-23 for food costs at juvenile correctional facilities; (b) \$71,800 in 2021-22 and \$71,600 in 2022-23 for variable non-food costs (such as clothing, laundry, and personal items); and (c) juvenile health costs (\$293,600 in 2021-22 and \$334,000 in 2022-23).

| Change to Base | |
|----------------|---------------|
| PR | - \$1,007,700 |

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June, 2021

Joint Committee on Finance

Paper #261

Juvenile Appropriation Deficit (Corrections -- Juvenile Corrections)

[LFB 2021-23 Budget Summary: Page 148, #3]

CURRENT LAW

Under current law, the daily rate for juvenile correctional facilities is specified in statute based on projected annual costs and the estimated average daily population. In addition, the daily rates statutorily include a \$6 add-on to address the juvenile operations appropriation deficit until the deficit is eliminated. If moneys generated by the daily rate exceed actual institutional costs in a fiscal year by 2% or more, the amounts in excess of 2% must be remitted to the counties during the subsequent fiscal year, in amounts proportionate to the total number of days of juvenile placements at the facilities for each county and for the state.

DISCUSSION POINTS

1. A \$17 add-on was created under the 2011-13 biennial budget, Act 32, in order to reduce the deficit in the Department's juvenile operations appropriation. Since the amount of the deficit declined, the 2013-15 biennial budget reduced the add-on to \$6. There was no deficit in 2015-16. However, the \$460,300 balance was not sufficient to exceed the 2% threshold and can be attributed to the \$6 add-on. Since 2015-16 the appropriation has again been in deficit. The table below shows the status of the total deficit from 2008-09 to 2019-20.

Ending Cash Balance

| | |
|---------|--------------|
| 2008-09 | -\$2,203,700 |
| 2009-10 | -8,819,400 |
| 2010-11 | -19,506,300 |
| 2011-12 | -13,386,300 |
| 2012-13 | -8,888,600 |
| 2013-14 | -4,644,400 |
| 2014-15 | 436,400 |
| 2015-16 | -2,142,800 |
| 2016-17 | -5,226,500 |
| 2017-18 | -7,036,900 |
| 2018-19 | -10,154,700 |
| 2019-20 | -11,341,500 |

2. There are a number of variables which could affect the Department's ability to not only eliminate the current deficit, but also remain out of deficit in the future. These factors include population and cost variations (to the extent that populations and/or costs vary from the estimates, actual revenue generated or the existence of a deficit may vary), legislation, and juvenile care decisions by the county judges regarding the placement of juveniles under dispositional orders.

3. Juvenile populations declined rapidly from 2016 to 2020, while at the same time the incurred expenditures, such as paying for contracted healthcare staff to handle medication administration increased. While the above table identifies the total cash deficit for the appropriation (-\$11,341,500), this amount was offset by assets resulting in an unsupported cash overdraft at the end of 2019-20 of \$9,054,300. Note that due primarily to declining populations and co-occurring reductions in revenues, the total deficit may increase further at the end of 2020-21 by an additional \$12.2 million. This amount would again be partially offset by assets at the end of 2020-21.

4. Section 16.513 of the statutes requires state agencies to submit quarterly reports to the Department of Administration (DOA) on projected revenues and expenditures for each appropriation supported with program or segregated revenues. If it is projected that there will be insufficient revenues in the ensuing quarter to meet expenditures in any appropriation, the agency must submit a plan to DOA to "assure that there are sufficient moneys, assets, or accounts receivable to meet projected expenditures under the appropriation." If the plan is approved by DOA, it must then be submitted to the Joint Committee on Finance for its approval under a 14-day passive review process.

On December 30, 2020, DOA Secretary Brennan submitted a report on unsupported overdrafts to the Committee. The report contained plans of various agencies to address the deficits. In the report, the Department of Corrections indicated that, with the \$6 add-on to the daily rate, and stable populations, the deficit could be retired by 2044-45. Other than that statement, the report did not include any plan to reduce the deficit, including a recommendation for GPR funding to reduce or eliminate the deficit.

5. However, the populations have continued to decrease. Starting in the 2023-25 biennium, the movement of juveniles to county secure residential care centers will further decrease the

population from which the add-on can be collected, which will extend the timeline for discharge of the deficit. In addition, at that point in time, most of the juveniles at the Type 1 facilities have the daily rate funded through GPR through either the serious juvenile offender program or through the adult contract bed appropriation as youth under 18 with adult sentences.

6. To the extent that the add-on is retained and the deficit is eliminated, current statutory language provides that if monies generated by the daily rate exceed actual costs by more than 2%, all monies in excess of 2% must be remitted to the counties or the Department (for daily rates paid for serious juvenile offenders) in the subsequent calendar year. As a result, the statutory daily rates for juvenile correctional facilities would be modified to include the \$6 daily rate add-on. The add-on increases the annual cost per juvenile at a juvenile correctional facility by \$2,190 and impacts the cost of the serious juvenile offender program and contract beds for youth under 18 years of age with adult sentences.

7. Assembly Bill 68/Senate Bill 111, provides \$11,341,600 GPR in 2021-22 in a new appropriation to address an existing deficit in the juvenile correctional services program revenue appropriation if the amount in the juvenile correctional services appropriation is insufficient. Funding provided is based on the total appropriation deficit at the end of 2019-20. In addition, the bill would modify current law to allow the Secretary of Corrections (rather than require the Governor) to charge an additional \$6 daily amount for care provided by the Department in order to address a deficit in the juvenile correctional services appropriation until the deficit is eliminated.

8. In order to address the total deficit as it existed at the end of 2019-20, the Committee may decide to provide \$11,341,600 in 2021-22 in a new GPR appropriation. [Alternative 1]

9. As noted earlier, the amount of the unsupported cash overdraft at the end on 2019-20 was \$9,054,300. If this amount were provided Corrections would be able to address that part of the 2019-20 deficit that was identified as not being supported by assets. [Alternative 2]

10. Given that the deficit has existed since 2015-16, and that any amount toward the deficit will be of assistance, the Committee may decide to provide \$5,670,800 in 2021-22 in a new GPR appropriation. This is one-half of the amount recommended in AB 68/SB 111. [Alternative 3]

11. On the other hand, given the fact that a deficit has existed for a number of years, the uncertainly of juvenile corrections in the future, and the fact that the deficit does not impact programming for the Department, the Committee could take no action. [Alternative 5]

12. In order to give Corrections more flexibility in when to charge the \$6 add-on, the Committee may decide to allow the Secretary of Corrections, instead of require the Governor, to charge the add-on. [Alternative 4]

ALTERNATIVES

1. Provide \$11,341,600 GPR in 2021-22 in a new appropriation to address an existing deficit in the juvenile correctional services program revenue appropriation if the amount in the

juvenile correctional services appropriation is insufficient.

| ALT 1 | Change to Base |
|--------------|-----------------------|
| GPR | \$11,341,600 |

2. Provide \$9,054,300 GPR in a new appropriation to assist addressing an existing deficit in the juvenile correctional services program revenue appropriation.

| ALT 2 | Change to Base |
|--------------|-----------------------|
| GPR | \$9,054,300 |

3. Provide \$5,670,800 GPR in 2021-22 in a new appropriation to assist addressing an existing deficit in the juvenile correctional services program revenue appropriation.

| ALT 3 | Change to Base |
|--------------|-----------------------|
| GPR | \$5,670,800 |

4. Modify current law to allow the Secretary of Corrections (rather than require the Governor) to charge an additional \$6 daily amount for care provided by the Department in order to address a deficit in the juvenile correctional services appropriation until the deficit is eliminated.

5. Take no action.

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June, 2021

Joint Committee on Finance

Paper #262

Juvenile Statutory Daily Rates, Serious Juvenile Offenders, and Contract Beds (Corrections -- Juvenile Corrections)

[LFB 2021-23 Budget Summary: Page 148, #2]

CURRENT LAW

Statutory Daily Rates

Daily rates for juvenile care in a given biennium are specified in statute by fiscal year for juvenile correctional facilities. These daily rates are calculated based on the projected annual cost and the estimated average daily population. The current daily rate for Lincoln Hills/Copper Lakes and Mendota Juvenile Treatment Center (MJTC) is \$615. The daily rate for juvenile correctional facilities currently includes a \$6 add-on to address the juvenile operations appropriation deficit.

There are four ways to moderate the costs that counties experience for juvenile care provided through the Division of Juvenile Corrections (DJC): (a) increase the populations under DJC's supervision; (b) reduce expenses; (c) more fully utilize state funded programming; and (d) partially fund costs through GPR thus reducing the PR costs to counties. This paper assumes that the Lincoln Hill/ Copper Lake schools remain open for the 2021-23 biennium.

Serious Juvenile Offender (SJO) Program

Corrections administers the SJO program for juveniles adjudicated delinquent and ordered to participate in the program. Under the program, a juvenile is subject to supervision, care and rehabilitation that is more restrictive than ordinary supervision in the community. The program provides for component phases (various sanctions) that are intensive, highly structured, and based on both public safety considerations and the juvenile's needs. A juvenile is subject to a SJO placement as follows: (a) if the juvenile is 14 years of age or more and has been adjudicated delinquent for committing a delinquent act that is equivalent to certain Class A, Class B, or Class C felony offenses; or (b) the juvenile is 10 years of age or more and has been adjudicated

delinquent for attempting or committing first-degree intentional homicide, or for committing first-degree reckless homicide or second-degree intentional homicide. A SJO disposition may only be made for these juveniles if the judge finds that the only other disposition that would be appropriate is placement in a juvenile correctional facility.

The SJO appropriation reimburses juvenile correctional facilities, corrective sanctions providers, aftercare providers, and alternate care providers for costs incurred for juveniles who receive a SJO disposition. All components of the SJO disposition are state-funded. Base funding for the SJO appropriation is \$17,792,800 GPR.

DISCUSSION POINTS

The average daily populations for juvenile placements and adjustments for funding population-related costs were reestimated in a separate paper. As a result of the reestimated populations, this paper adjusts costs, modifies the statutory daily rate, and funding for the Serious Juvenile Offender program and contract beds.

Juvenile Population and Inflationary Costs

1. The estimated population projections for juveniles in the 2021-23 biennium would include 86 juveniles annually in the juvenile facilities. This paper uses the 86 population for estimating purposes. The population projections include juveniles in the SJO program and 17-year olds with adult sentences.

Statutory Daily Rates

2. In prior biennia, county representatives have indicated that higher daily rates at Lincoln Hills and Copper Lake made the schools less accessible. If daily rates are too high, counties may be reluctant to send juveniles and the rates will increase even more due to the decrease in population.

3. It should be noted that Lincoln Hills has a capacity for over 540 juveniles and it is anticipated that around 86 ADP will be there in the upcoming biennium. There are certain base resources that are required to keep a facility of that size operational, no matter the population of juveniles present at the facility. It should be further noted that the operations at LHS/CLS are monitored under order of the federal courts. In August, 2018, the state settled a federal lawsuit with the ACLU for \$885,000 regarding the use of solitary confinement, pepper spray, training of staff, and conditions of confinement. As a component of the agreement, quarterly reports prepared by a court appointed monitor are required. Generally, each report assesses the Department's degree of compliance with specific requirements of the agreement, and provides an overview of quality of life, conditions, and institutional atmosphere and operations.

4. The daily rates are calculated utilizing the population projections and estimated costs of each program. Total costs, as modified for population and cost adjustments are \$36,226,800 in 2021-22 and \$36,960,300 in 2022-23 for juvenile correctional facilities. The table below shows the expenses and the manner in which expenses are divided by the reestimated population and number of days in a year to determine the daily rate.

Population Modified Juvenile Rates 2021-23

| | <u>2021-22</u> | <u>2022-23</u> |
|-----------------------------|-----------------|-----------------|
| Base | \$35,957,200 | \$35,957,200 |
| Standard Budget Adjustments | 1,333,300 | 1,333,300 |
| Operating Reserves | 817,200 | 1,419,790 |
| Rent | -14,100 | -13,500 |
| PR Reestimate | -85,100 | -78,900 |
| Risk Management Premium | 217,600 | 217,600 |
| MJTC Re-Estimate | -1,445,000 | -1,360,400 |
| Food, Variable, and Health | <u>-525,800</u> | <u>-481,900</u> |
| Total Expenses | \$36,226,800 | \$36,960,300 |
| | | |
| Daily Rate | \$1,154 | \$1,178 |

5. Based on the reestimated populations and population-related cost adjustments, the statutory daily rates would be \$1,154 in 2021-23 and \$1,178 in 2022-23. This represents an approximate 88% increase in the daily rate. Note that the population upon which the 2020-21 daily rate was based was 169 individuals.

6. The daily rates cited above represent a significant increase over the current \$615 rate. This increase will require substantial additional funding from the state for the SJO population, and contact beds, and from the counties for the juveniles that are placed at Lincoln Hills/Copper Lake. It should be noted that AB 68/SB 111 recommends an increase of \$18.9 million in youth aids over the 2021-23 biennium. Youth aids funds are provided to counties to offset the costs of juvenile placements, including those at Lincoln Hills/Copper Lake.

7. If rates increase from \$615 in 2020-21 to \$1,154 in 2021-22 and \$1,178 in 2022-23, it is very likely that counties may be even more reluctant to send juveniles to the state facilities which would likely increase the deficit in the juvenile correction appropriation.

8. To this end, the Committee might consider a GPR supplement to reduce the daily rate. Since the daily rate is charged not only to counties placing juveniles at Lincoln Hills/Copper Lakes, but also the state for SJO and contract bed placements, a GPR supplement would also reduce the daily rate the state pays through the SJO program and contract beds. These alternatives are discussed in a subsequent section of this paper.

9. Current statutory language provides that if monies generated by the daily rate exceed actual costs by more than 2% (\$727,400 in 2021-22 and \$742,600 in 2022-23), all monies in excess of 2% must be remitted to the counties or the Department (for daily rates paid for serious juvenile offenders) in the subsequent calendar year.

10. It should be noted that daily rates for Lincoln Hills/Copper Lakes have been comparable to the daily rates of Residential Care Centers (RCC) that provide 24/7 care for juveniles both with and without dispositional orders. Residential care centers provide treatment and custodial services for children, youths, and young adults. These centers are typically licensed private child welfare agencies.

Placement into an RCC must be made before the child reaches age 18, unless the placement is made under a juvenile court's jurisdiction. An RCC may not have five or more young adults age 18 or older at its facilities at one time unless it is also licensed as a community-based residential facility. These facilities charge between \$299 and \$603 per day.

Serious Juvenile Offender Program

11. The SJO appropriation supports costs associated with juvenile correctional facilities, corrective sanctions providers, aftercare providers, and alternate care providers for services for juveniles who receive a SJO disposition. All components of the SJO disposition are state-funded, based on the projected ADP and daily rate for each type of care. Base funding for the SJO appropriation is \$17,792,800 GPR. The average SJO program ADP through April, 2021, was 81. Based on more recent SJO data, the population may be reestimated as indicated below.

Reestimated SJO Average Daily Population

| <u>Type of Care</u> | <u>Serious Juvenile Offenders</u> | |
|---------------------------------|-----------------------------------|----------------|
| | <u>2021-22</u> | <u>2022-23</u> |
| Juvenile Corrections Facilities | 28 | 29 |
| Community Supervision Program | <u>51</u> | <u>45</u> |
| Total ADP | 79 | 74 |
| Alternate Care ¹ | 18 | 16 |

¹ A subset of the community supervision program (corrective sanctions and aftercare supervision) that includes residential care centers, group homes, treatment foster homes, and certain supplemental living arrangements.

12. As a result of modifying the daily rates and reestimating populations, funding for the SJO program would be increased by \$720,600 GPR in 2021-22 and \$1,412,500 GPR in 2022-23.

Contract Beds

13. The Department's Division of Adult Institutions pays DJC for the placement of young offenders, sentenced as adults in the juvenile school. As a result of the modification in the daily rate increased contract bed funding of \$3,325,900 GPR in 2021-22 and \$3,501,100 GPR in 2022-23 (from \$5,098,300 GPR annually to \$8,424,200 GPR in 2021-22, and \$8,599,400 GPR in 2022-23) would be necessary to reflect the modified daily rate.

GPR Supplement to Lower Daily Rate

14. In order to maintain the daily rate at a level that makes LHS and CLS a placement option for counties, the Committee may determine that providing GPR through an existing appropriation to offset PR expenses is a viable strategy for mitigating daily rate costs to counties. In addition, as noted earlier, a GPR offset to expenses would also lower the daily rate the state pays for SJO youth and for youth with adult sentences through contract beds.

15. Without converting PR positions to GPR, there are \$9,179,800 of budgeted PR expenses in 2021-22 and \$9,344,400 of expenses in 2022-23 that could be supplemented with GPR. Providing a GPR supplement would decrease the daily rates, and thus the funding need for the SJO appropriation and the contract bed appropriation. The effects of a GPR supplement on the daily rate, SJO, and contract beds amounts is described in the table below.

Effects of a GPR Supplement

| | <u>2021-22</u> | <u>2022-23</u> |
|-----------------------|------------------|------------------|
| Daily Rate | \$862 | \$880 |
| GPR Supplement Amount | \$9,179,800 | \$9,344,400 |
| SJO | -2,263,600 | -1,741,800 |
| Contract Beds | <u>1,194,300</u> | <u>1,325,700</u> |
| Total Additional GPR | \$8,110,500 | \$8,928,300 |

16. In order to mitigate the effects of declining populations on the daily rate, the Committee may decide to provide \$9,179,800 GPR in 2021-22 and \$9,344,400 GPR in 2022-23. [Alternative 1] As a result the daily rate will be \$862 in 2021-22 and \$880 in 2022-23.

17. Given the amount that juvenile populations have declined over recent years, any GPR supplement amount would partially mitigate the increase of the daily rate. The Committee could, for example, provide a \$5,000,000 supplement annually. The effects of a \$5,000,000 annual supplement on the daily rate, SJO, and contract beds amounts are described below. [Alternative 2] As a result the daily rate will be \$995 in 2021-22 and \$1,018 in 2022-23.

Effects of a \$5 million GPR Supplement

| | <u>2021-22</u> | <u>2022-23</u> |
|-----------------------|------------------|------------------|
| Daily Rate | \$995 | \$1,018 |
| GPR Supplement Amount | \$5,000,000 | \$5,000,000 |
| SJO | -904,400 | -281,100 |
| Contract Beds | <u>2,165,200</u> | <u>2,333,100</u> |
| Total Additional GPR | \$6,260,800 | \$7,052,000 |

Passive Review of the Daily Rate

18. There are significant decisions to be made surrounding juvenile justice. These decisions will affect both the cost of providing juvenile correctional services and the population of juveniles served. The uncertainty around both pivotal elements in the daily rate calculation, makes calculating a daily rate for 2022-23 through the biennial budget process more difficult because of unknown factors.

19. The Department of Corrections operates the community supervision program for juveniles. Under the program, Corrections purchases or provides various juvenile community correctional supervision services for which a daily rate is charged. Prior to 2017-18, the daily rates for the program's component parts (the corrective sanctions and aftercare programs) were established under each biennial budget. Under 2015 Act 55, however, the program's daily rates for the program were made subject to a 14-day passive review by the Joint Committee on Finance beginning July 1, 2018. Like the daily rate for LHS/CLS, the community supervision rates have both fixed and variable costs. Despite the rate being set by passive review, the program's PR appropriation is set during the budget process, and expenditures are supported by the revenue generated by the daily rate.

20. In order to more accurately reflect estimated future costs and populations given the uncertainties surrounding juvenile justice, the Committee could consider creating a 14-day passive review process that would allow Corrections to adjust the daily rate to reflect the change in populations on an annual basis in a similar manner to how community supervision rates are established. This change could be particularly advantageous if juvenile populations begin to return toward a pre-COVID level. Given this, the Committee may consider setting the 2021-22 daily rate in statute and allowing Corrections to return to the Committee with a passive review request by December 1, 2021, to set the daily rate for 2022-23. In addition, if daily rates decrease and population projections for SJO and contact beds do not increase, the passive review could be authorized to reduce the GPR SJO and contract bed appropriations accordingly. [Alternative 3] This alternative may be selected with Alternative 1, 2, or 6. The alternative would allow for a more up to date estimate of populations and costs for the 2022-23 fiscal year when more information is available, while still providing for legislative oversight.

21. Utilizing the passive review alternative, but also providing GPR support to reduce the daily rate, the Committee could consider setting a rate for 2021-22 only, allowing the 2022-23 daily rate to be set by passive review process, and placing supplemental GPR funding for 2022-23 in the Committee's supplemental appropriation. Under these alternatives, daily rates could be set and certain GPR appropriations adjusted by passive review. Further, depending on the daily rate approved by the Committee, if necessary supplemental funding could be released under s. 13.10 to moderate the daily rate under the Department's proposed 2022-23 daily rate passive review. As a result, the SJO and contract bed appropriations would be set for the second year using estimates provided in this paper, but could be reduced under the passive review if daily rates decreased and population projections for SJO and contact beds do not increase. [Alternative 4 and 5]

22. Since counties may use youth aids to fund the costs of juvenile correctional services, including to support LHS/CLS daily rates, the Committee may decide to only reestimate appropriations to reflect changes associated with the daily rate and population. [Alternative 6] As a result the daily rate would be \$1,154 in 2021-22 and \$1,178 in 2022-23.

ALTERNATIVES

1. Provide \$9,179,800 GPR in 2021-22 and \$9,344,400 GPR in 2022-23 to supplement juvenile PR expenditures. Reestimate the daily rate to be \$862 in 2021-22 and \$880 in 2022-23. Due to the daily rate modification, decrease SJO funding by \$2,263,600 GPR in 2021-22 and \$1,741,800

GPR in 2022-23 and increase contract bed funding by \$1,194,300 GPR in 2021-22 and \$1,325,700 GPR in 2022-23.

| ALT 1 | Change to Base |
|--------------|-----------------------|
| GPR | \$17,038,800 |

2. Provide \$5,000,000 GPR annually to supplement juvenile PR expenditures. Reestimate daily rate to be \$995 in 2021-22 and \$1,018 in 2022-23. Due to the daily rate modification, decrease SJO funding by \$904,400 GPR in 2021-22 and \$281,100 GPR in 2022-23 and increase contract bed funding by \$2,165,200 GPR in 2021-22 and \$2,333,100 GPR in 2022-23.

| ALT 2 | Change to Base |
|--------------|-----------------------|
| GPR | \$13,312,800 |

3. Remove the 2022-23 daily rate from statute and instead have the 2022-23 daily rate set through a 14-day passive review process submitted to the Joint Committee on Finance by December 1, 2021. In addition, allow the passive review to also reduce the GPR SJO and contract bed appropriations as necessary. [This alternative may be selected with Alternative 1, 2, or 6.]

4. Provide \$9,179,800 GPR in 2021-22 and place \$9,344,400 GPR in 2022-23 in Joint Finance's appropriation to supplement juvenile PR expenditures. Reestimate the daily rate to be \$862 in 2021-22 and, as under Alternative 3, allow the daily rate to be set by passive review starting in 2022-23. Due to the daily rate modification decrease SJO funding by \$2,263,600 GPR in 2021-22 and \$1,741,800 GPR in 2022-23 and increase contract bed funding by \$1,194,300 GPR in 2021-22 and \$1,325,700 GPR in 2022-23.

| ALT 4 | Change to Base |
|--------------|-----------------------|
| GPR | \$17,038,800 |

5. Provide \$5,000,000 GPR in 2021-22 and place \$5,000,000 GPR in 2022-23 in Joint Finance's appropriation to supplement juvenile PR expenditures. Reestimate daily rate to be \$995 in 2021-22 and, as under Alternative 3, allow the daily rate to be set by passive review starting in 2022-23. Due to the daily rate modification, decrease SJO funding by \$904,400 GPR in 2021-22 and \$281,100 GPR in 2022-23 and increase contract bed funding by \$2,165,200 GPR in 2021-22 and \$2,333,100 GPR in 2022-23.

| ALT 5 | Change to Base |
|--------------|-----------------------|
| GPR | \$13,312,800 |

6. Reestimate the daily rate to be \$1,154 in 2021-22 and \$1,178 in 2022-23. Due to the daily rate modification, increase SJO funding by \$720,600 GPR in 2021-22 and \$1,412,500 GPR in

2022-23 and contract bed funding by \$3,325,900 GPR in 2021-22 and \$3,501,100 GPR in 2022-23.

| ALT 6 | Change to Base |
|--------------|-----------------------|
| GPR | \$8,960,100 |

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Corrections -- Juvenile Corrections

LFB Summary Items for Which No Issue Paper Has Been Prepared

| <u>Item #</u> | <u>Title</u> |
|---------------|--|
| 6 | Mendota Juvenile Treatment Center Reestimate |

