

Corrections

Juvenile Corrections

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LFB Summary Items for Which an Issue Paper Has Been Prepared

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1 thru 5	Statutory Daily Rates, Mendota Juvenile Treatment Center, Lincoln Correctional, Serious Juvenile Offenders, Contract Beds, and Population and Inflationary Costs (Paper #270)
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6	Age of Juvenile Jurisdiction



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Joint Committee on Finance

Paper #270

Statutory Daily Rates, Mendota Juvenile Treatment Center, Lincoln Correctional, Serious Juvenile Offenders, Contract Beds, and Population and Inflationary Costs (Corrections -- Juvenile Corrections)

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CURRENT LAW

Population

The juvenile population estimate is used for the calculation of the statutory daily rates at juvenile correctional facilities operated by the Department of Corrections (DOC). 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 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 Hills/Copper Lake schools (LHS/CLS) remain open for the 2025-27 biennium.

Population-related base funding for juveniles is \$778,300 PR, as follows: (a) \$376,700 for food costs at juvenile correctional facilities; (b) \$102,600 for variable non-food costs (such as clothing, laundry, and personal items); and (c) \$299,000 for juvenile health costs.

Under current law, DOC must place persons who have not attained the age of 18 years but who are sentenced to state prison at a juvenile correctional facility.

Juvenile Appropriation Deficit

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.

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 PR cost of Type 1 (state-operated) juvenile facilities and the estimated average daily population. The current DJC daily rate (including DJC juveniles at MJTC) is \$1,268.

There are four ways to moderate the costs that counties incur for juvenile care provided through the Division of Juvenile Corrections (DJC): (a) increase the populations under DJC's supervision; (b) reduce PR expenses; (c) more fully utilize state-funded programming; and (d) partially fund costs through GPR, thus reducing the PR costs to counties.

Mendota Juvenile Treatment Center

The Mendota Juvenile Treatment Center (MJTC) is a Type 1 juvenile correctional facility that provides psychiatric evaluation and treatment for male and female juveniles transferred from the juvenile correctional system whose behavior is highly disruptive and who have not responded to standard services and treatment at the Department of Corrections' (DOC) secure correctional facility at LHS/CLS. MJTC treatment and programming includes therapy for anger management; treatment to address substance abuse, sexual offense, or mental illness; and academic support. Treatment is designed to improve behavior and manage any mental health conditions to permit a transfer back to LHS/CLS. MJTC, which is on the campus of the Mendota Mental Health Institute in Madison, has been in operation since 1995.

DJC funding for MJTC in 2024-25 was budgeted as \$1,365,500 GPR and \$4,705,700 PR (\$6,071,200 all funds). However, because DHS has increased the daily rate that is charged to DJC, actual costs have exceeded this budget. In 2023-24, DOC made payments totaling \$8,500,700 to DHS for the staffing costs of the facility. These payments consisted of \$1,365,500 GPR and \$7,135,200 PR. Most recently, DHS increased the MJTC daily rate from \$1,020 in 2023-24 to \$1,748 in 2024-25. The increase in the MJTC daily rate is due, in part, to the creation of 123.1 PR positions at MJTC. In addition, costs have risen at both DOC and DHS due to correctional security compensation increases funded under 2023 Act 19 and approved by the Joint Committee on Employment Relations in the 2023-25 state compensation plan.

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 an 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. An 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 and ultimately paid from GPR. However, most costs for SJOs in juvenile correctional facilities are first paid from DJC's PR appropriation for juvenile operations, and the PR appropriation is then reimbursed for those costs with GPR from the SJO appropriation. Base funding for the SJO appropriation is \$25,204,700 GPR.

DISCUSSION POINTS

1. This paper addresses the anticipated costs of the state juvenile correctional facilities in the 2025-27 biennium, including LHS/CLS, MJTC, and the Milwaukee Type 1 facility (currently under construction). The paper is organized as follows: (a) overview of the juvenile operations PR appropriation deficit; (b) historical juvenile population, necessary juvenile facility capacity, and implications for Lincoln Correctional Institution; (c) provisions of Senate Bill 45/Assembly Bill 50; (d) reestimates of population, costs driven by population (food, variable non-food, and variable non-food health), daily rates, serious juvenile offenders, and contract beds; (e) options that could be considered to lower the daily rate; (f) funding to operate the Milwaukee Type 1 facility, anticipated to open in October, 2026; (g) statutory modifications that could be considered; and (h) capital budget options to expand future juvenile facility capacity to enable the closure of LHS/CLS, based on recent point-in-time population counts.

Juvenile Appropriation Deficit

2. 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 PR 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. The appropriation operated with a year-end deficit from 2015-16 to 2022-23. In 2022-23, the year ended with a cash surplus. In 2023-24, the appropriation operated again with a year-end deficit. Table 1 below shows the status of the appropriation balance from 2011-12 to 2023-24.

TABLE 1

Juvenile Appropriation Balances, 2011-12 to 2023-24

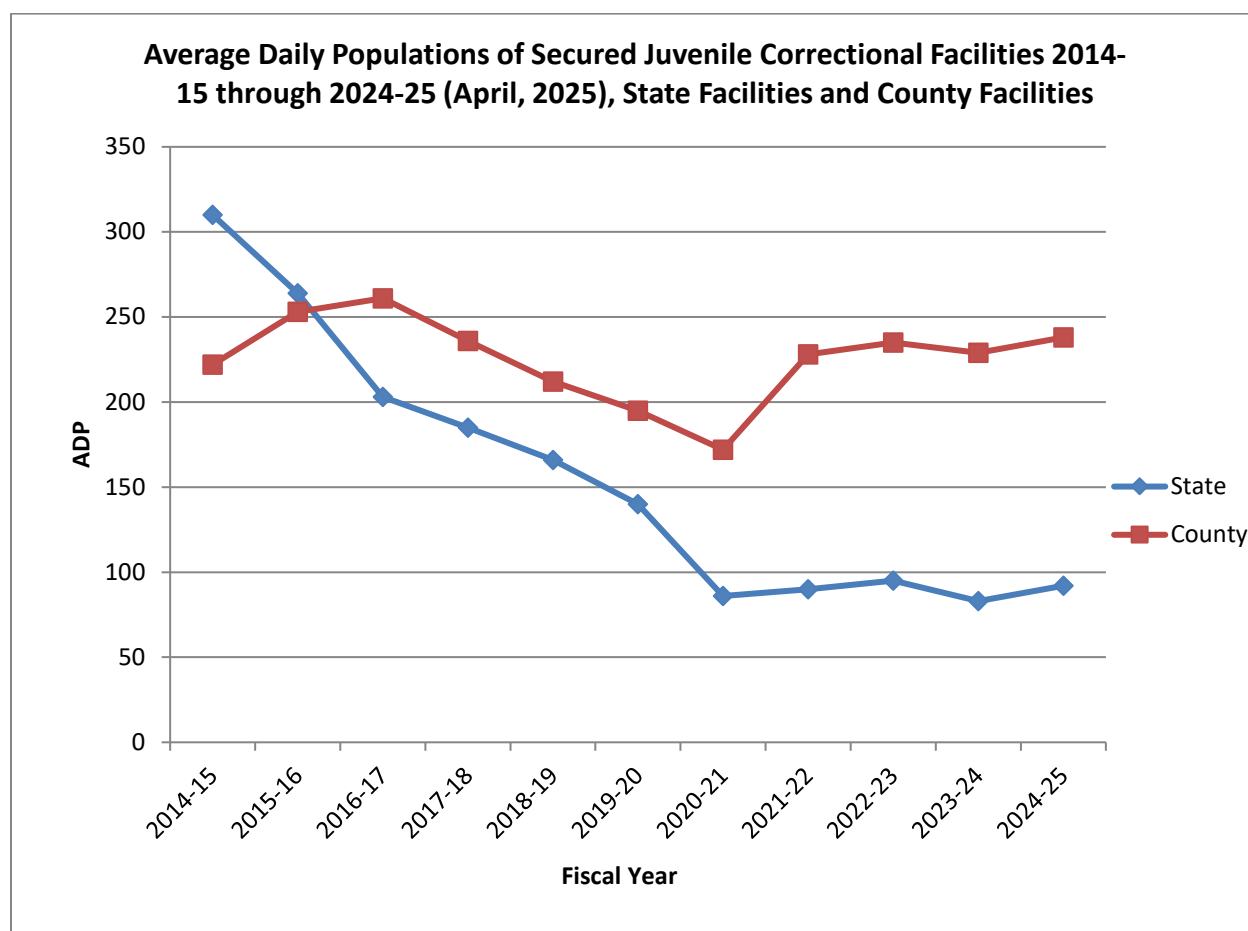
	<u>Ending Cash Balance</u>
2011-12	-\$13,386,300
2012-13	-8,888,600
2013-14	-4,644,400
2014-15	436,400
2015-16	-2,142,800
2016-17	-5,226,500
2017-18	-7,036,900
2018-19	-10,154,700
2019-20	-11,341,500
2020-21	-18,329,100
2021-22	-6,047,100
2022-23	-507,600
2023-24	-5,419,400

3. 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 made by county circuit court judges regarding the placement of juveniles under dispositional orders.

4. Juvenile populations declined rapidly from 2016 to 2024, while at the same time the incurred expenditures, such as paying for contracted healthcare staff to handle medication administration increased. While Table 1 identifies an appropriation balance of -\$5,419,400 in 2023-24, this amount was offset by assets resulting in an unsupported cash overdraft -\$2,815,000. Note that due primarily to declining populations and co-occurring reductions in revenues, the deficit may increase further at the end of 2024-25 by an additional \$9.9 million. This amount would again be partially offset by assets at the end of 2024-25. This paper assumes that the \$6 add on will continue.

Historical Juvenile Population Data

5. Legislation passed in the 2013-15 and 2015-17 biennia 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 daily population (ADP) of county and state facilities from 2014-15 through 2024-25 (through April, 2025) is shown in the chart below. County ADPs include both pre-and post-dispositional placements.



6. Note that, while ADP is a useful metric to budget for certain expenses and to calculate a daily rate, it is an imperfect measure for facility planning purposes. Because point-in-time population fluctuates, rather than consistently operating at or near the average number, the state must have sufficient capacity to house juveniles when "peaks" in population are experienced.

MJTC and Lincoln Correctional

7. Since moving into the expanded MJTC facility, the population at MJTC has increased mainly due to the inclusion of the female juvenile population, but thus far has remained below 50% of its bed capacity. There could be various reasons for this. For example, it may be that many juveniles at LHS/CLS do not meet MJTC's current admissions criteria. It is also possible, however, that the Department has determined that any increase in the population must be managed gradually as newer staff are gaining experience, and/or that MJTC's treatment model requires that enough beds remain vacant to allow juveniles to be moved between units as they progress through different stages of treatment and recovery. Whatever the reason, without a more substantial increase in MJTC's population through transfers from DJC, it cannot be expected that MJTC will hasten the closure of LHS/CLS. If, on the other hand, MJTC were to admit a higher proportion of juveniles who are currently placed at LHS/CLS, those facilities may be able to close after the completion of the Milwaukee Type 1 facility. However, this may require MJTC to modify its admissions practices to

accept more DJC transfers.

8. If, on some future date LHS/CLS were to be closed, funding and positions would need to be provided for Lincoln Correctional to open as an adult facility. SB 45/AB 50 would provide \$655,500 GPR and 7.0 GPR positions in 2025-26 and \$45,299,900 GPR and 268.40 GPR positions in 2026-27 associated with operating a fenced medium-security adult male facility at the current site of LHS/CLS. According to the Administration, during executive budget development, LCI was anticipated to begin operating as an adult facility in Fall, 2026, if bonding authority of \$9 million were provided in 2025-26 for renovations at the site of LHS/CLS. Although DOC indicates that these capital improvements can be made while juveniles remain at the campus, adults could not move in until after juveniles were relocated. Given the size of the current juvenile correctional population, current MJTC admissions practices, and the anticipated completion date of the Dane County Type 1 facility (December, 2028, if funds are fully enumerated), it is assumed that, because LCI will not be in operation in 2025-27 biennium as an adult facility, no operational funding for LCI is required at this time.

9. Given the complexities involved and uncertainty over both ADP and point-in-time juvenile populations, options for placement of juveniles at existing facilities (such as MJTC) and yet-to-be-constructed Type 1 facilities could be explored in separate legislation.

Senate Bill 45/Assembly Bill 50

10. Under 2025 Senate Bill 45/Assembly Bill 50, the juvenile correctional facility average daily population (ADP) is estimated as shown in Table 2 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 starting October 1, 2026, LHS/CLS would close, and the juveniles would shift to the new DOC Type 1 facility in Milwaukee, as well as the Racine and Milwaukee County Secure Residential Care Centers for Children and Youth (SRCCs) as shown in Table 2.

TABLE 2**SB 45/AB 50 Estimated Juvenile Facility Populations and
Actual Population May 23, 2025**

<u>Facility</u>	<u>Actual Count May 23, 2025</u>	<u>2025-26</u>	<u>Average Daily Population</u>	
			<u>2026-27</u>	
			<u>July 1 to October 1, 2026</u>	<u>October 1, 2026 to June 30, 2027</u>
Lincoln Hills School	80	34	34	0
Copper Lake School	6	8	8	0
Milwaukee Type 1	0	0	0	32
Mendota Juvenile Treatment Center	33	21	21	21
Grow Academy	<u>2</u>	<u>5</u>	<u>5</u>	<u>5</u>
Subtotal Juvenile Correctional Facilities	121	68	68	58
Contracted Facilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
Total Juvenile Correctional Responsibility	121	68	68	63
Other 2017 Act 185 Facilities*				
Racine SRCC Juveniles no longer at LHS	0	15	15	15
Milwaukee SRCC Juveniles no longer at LHS	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
Other Facility Subtotal	0	15	15	20
Total	121	83	83	83

* Figures represent the number of county juveniles that would have been at LHS/CLS without the additional facilities provided by Act 185. The figures are not inclusive of all county juveniles placed at SRCCs.

11. SB 45/AB 50 would create a GPR sum sufficient appropriation, not to exceed \$20,000,000 in each fiscal year, for payments made in accordance with contracts for placement of juveniles who are under the supervision of DOC, and would provide that the appropriation be repealed on July 1, 2029, when the Dane County Type 1 facility is expected to be completed.

12. Based on the above population projections, SB 45/AB 50 modified population-related funding for juvenile corrections by \$18,700 in 2025-26 and -\$462,800 in 2026-27, as shown in Table 3.

TABLE 3**SB 45/AB 50 Modifications to Population-Related Costs**

<u>Population-Related Cost</u>	<u>2025-26</u>	<u>2026-27</u>
Food	\$28,600	-\$209,000
Variable Non-Food*	-5,600	-59,200
Variable Non-Food Health	<u>-4,300</u>	<u>-194,600</u>
Total	\$18,700	-\$462,800

*Such as clothing, laundry, and personal items.

13. In addition, the population at juvenile corrections facilities can be broken down by the source that is paying for the juvenile, including serious juvenile offenders, youth with adult sentences, and county-funded juveniles. The population projections include juveniles in the SJO program. Estimated populations factor into population and inflationary costs for the juvenile correctional facilities, as well as statutory daily rate calculations. The bill projects the following ADPs for the SJO appropriation for the 2025-27 biennium as shown in Table 4 below. As a point of reference, the ADP as of April, 2025, is also provided in Table 4.

TABLE 4

SB 45/AB 50 SJO Average Daily Population

<u>Type of Care</u>	<u>Serious Juvenile Offenders</u>		
	<u>April, 2025</u>	<u>2025-26</u>	<u>2026-27</u>
Juvenile Correctional Facilities	49	43	26
Community Supervision Program	<u>36</u>	<u>45</u>	<u>55</u>
Total ADP	75	88	81
Alternate Care*	15	18	22

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

14. Further, the population projections include persons who have not attained the age of 18 years but who are sentenced to state prisons at a juvenile correctional facility. These youth with adult sentences had an ADP of 22 in April, 2025. Finally, county-funded juveniles had an ADP of 47 in April, 2025. Table 5 below summarizes the projected ADP of juveniles in DJC custody in April, 2025. As shown in the table, the majority of juveniles in state custody are SJOs and youth with adult sentences. These groups, comprising approximately 60% of the ADP, are funded from GPR appropriations under DOC. These appropriations are charged the daily rate which is paid to the DJC juvenile operations PR appropriation.

TABLE 5

April, 2025, Average Daily Population By Fund Source

<u>Fund Source</u>	<u>April, 2025</u>
County	47
SJO	49
DAI Youth with Adult Sentences	<u>22</u>
Total Juvenile Correctional Facility	118

15. The estimates used for SB 45/AB 50 were based on population data through June, 2024,

the period just prior to the submission of agency budget requests in September, 2024. While the overall average daily population for the juvenile correctional facilities during the summer of 2024 had been approximately 83 juveniles, populations during the past six months have generally been higher, as indicated by the actual populations identified in Table 5 above. Thus, this paper will provide alternatives based on more recent population trends (from July, 2024, to April, 2025).

16. Further, over the next biennium, several county and state projects associated with 2017 Act 185 may be completed and impact estimated populations, with more moving parts in 2026-27 than 2025-26.

Population Reestimates

17. Racine County expects completion in June, 2025, of its SRCC that would serve up to 32 SRCC juveniles and an additional 16 juveniles in short-term detention. Racine County intended the entire co-located facility to accommodate fluctuations in both male and female populations. With the construction of 16 short-term beds, Racine County decreased short-term detention capacity from 119 beds to 16 beds. From July, 2024, through April, 2025, the combined short- and long-term detention average daily population at Racine was 28 with a high average daily population of 31 in November, 2024, and a low of 26 in April, 2025. Racine plans on charging daily rates ranging from \$750 to \$1,200 depending on programming the juvenile would receive. Given the Racine SRCC's reduced capacity, commitment to prioritizing juveniles from Racine County, and variability in their juvenile population, Racine has indicated that completion of this facility may result in an ADP decrease of 15 county juveniles for the population at LHS/CLS.

18. With its expansion, MJTC has physical space for 93 beds, including 20 for girls and 73 for boys. In July of 2024, the Joint Committee on Finance approved a request submitted by DHS for 123.1 new MJTC positions, bringing the total to 216.1 positions, sufficient to staff 64 out of the 93 beds. DHS indicates that an additional 50.9 positions would be needed to staff the remaining 29 beds. However, without a change in how MJTC is utilized in the juvenile justice system, including a potential change to its admissions criteria, it is not assumed that the additional beds at MJTC will result in an equivalent decrease in the population at LHS/CLS.

19. The Milwaukee SRCC is an expansion of the Vel Phillips Detention Center and was estimated to result in 32 total beds for post-dispositional placement. Milwaukee broke ground in July, 2024, and expects the facility to be complete in 2026. This is an increase in capacity of eight beds (from 24 to 32). It is expected that this completion will draw an ADP of five male juveniles from the county portion of those at LHS. This paper assumes a completion date of July 1, 2026.

20. The Milwaukee Type 1 facility, which would provide a portion of the replacement of LHS/CLS, will be a 32-bed facility with planned completion in October, 2026.

21. Taking into account recent facility changes, population trends (from July, 2024, to April, 2025), as well as historic population patterns, for the juvenile correctional schools, and aftercare, the average daily population for juvenile placements is reestimated as shown in Table 6 below. It should be noted that these figures are averages and do not represent the total facility capacity needed for the point-in-time juvenile population.

TABLE 6**Reestimated Average Daily Population, 2025-26 and 2026-27**

<u>Facility</u>	<u>Average Daily Population</u>		
	<u>2025-26</u>	<u>2026-27</u>	
		<u>July 1 to</u> <u>October 1, 2026</u>	<u>October 1, 2026</u> <u>to June 30, 2027</u>
Lincoln Hills School	35	30	0
Copper Lake School	7	7	7
Milwaukee Type 1	0	0	30
Mendota Juvenile Treatment Center - Male	24	24	24
Mendota Juvenile Treatment Center - Female	7	7	7
Grow Academy	<u>5</u>	<u>5</u>	<u>5</u>
Subtotal Juvenile Correctional Facilities	78	73	73
Other 2017 Act 185 Facilities*			
Racine SRCC Juveniles no longer at LHS	15	15	15
Milwaukee SRCC Juveniles no longer at LHS	<u>0</u>	<u>5</u>	<u>5</u>
Other Facility Subtotal	0	20	20
Total	93	93	93

* Figures represent the number of county juveniles that would have been at LHS/CLS without the additional facilities provided by Act 185. The figures are not inclusive of all county juveniles placed at SRCCs.

Population and Inflationary Costs

22. The reestimated populations assume an increase in the number of juveniles placed in the schools in comparison to what was estimated in SB 45/AB 50. As a result of a higher estimated population in the juvenile correctional facilities, population-related costs would increase by \$19,000 PR in 2025-26 and \$5,400 PR in 2026-27, as shown in Table 7 below.

TABLE 7**Modifications to Population-Related Costs,
2025-26 and 2026-27**

<u>Population-Related Cost</u>	<u>2025-26</u>	<u>2026-27</u>
Food	\$28,900	\$6,400
Variable Non-Food*	-5,600	-13,700
Variable Non-Food Health	<u>-4,300</u>	<u>12,700</u>
Total	\$19,000	\$5,400

*Such as clothing, laundry, and personal items.

23. As noted previously, a subset of the population is juveniles in the serious juvenile offender program, the costs for whom are charged to Corrections' GPR appropriation for serious juvenile offenders. Base funding for the SJO appropriation is \$25,204,700 GPR. The average SJO program ADP through April, 2025, was 70. However, recent populations have been substantially higher. Based on the SJO ADP data from the month of April, 2025, the population is reestimated as indicated in Table 8 below.

TABLE 8

Reestimated SJO Average Daily Population

<u>Type of Care</u>	<u>Serious Juvenile Offenders</u>	
	<u>2025-26</u>	<u>2026-27</u>
Juvenile Corrections Facilities	49	49
Community Supervision Program	<u>36</u>	<u>36</u>
Total ADP	85	85
Alternate Care*	17	17

* 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.

Statutory Daily Rate

24. 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.

25. It should be noted that Lincoln Hills has a capacity for over 540 juveniles and it is anticipated that 42 ADP will be there in 2025-26. 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. Further, 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.

26. The daily rates are calculated utilizing the population projections and estimated costs of each program. Total costs for DJC's PR juvenile operations appropriation, as modified for population and cost adjustments, are \$71,196,800 in 2025-26 and \$73,489,500 in 2026-27 for juvenile correctional facilities. Table 9 below shows the expenses and resulting daily rates in the 2025-27 biennium. Daily rates are derived by dividing expenses by the reestimated population (78 in 2025-26 and 73 in 2026-27) and number of days in a year (365) to determine the daily rate.

TABLE 9**Base Level Juvenile Daily Rates with Reestimated ADP**

	<u>2025-26</u>	<u>2026-27</u>
Base Funding	\$44,652,500	\$44,652,500
Standard Budget Adjustments	3,951,500	3,951,500
Operating Reserves*	1,315,500	2,251,600
Rent	600	1,300
PR Reestimate**	409,300	420,600
Risk Management Premiums	14,100	14,100
MJTC Re-Estimate	20,834,300	22,192,500
Food, Variable, and Health	<u>19,000</u>	<u>5,400</u>
Total Expenses	\$71,196,800	\$73,489,500
Daily Rate	\$2,501	\$2,758

*Includes reserves assumed for compensation (2%/2% general wage adjustments) and fringe benefits cost increases, municipal services payments, and the deficit reduction add-on.

**Includes costs for overtime supplement and a reduction in estimated fuel and utilities costs.

27. As shown in Table 9, based on the reestimated populations and population-related cost adjustments, the statutory daily rate would be \$2,501 in 2025-26 and \$2,758 in 2026-27. This represents an approximate doubling in the daily rate in 2025-26 from the current rate of \$1,268. Note that the majority of increased expenditures are associated with MJTC. MJTC charged DOC a daily rate of \$1,748 in 2024-25, which is higher than the \$1,268 statutory daily rate that DOC is allowed to charge counties, the SJO program, and the DAI contract bed appropriation.

28. While the above daily rates indicate that the daily rate for DJC could be higher than MJTC, it should be noted that if MJTC is charging a higher daily rate than DJC (if the DJC daily rate is supplemented with GPR), county SRCCs would likely try to send their juveniles through DJC instead of directly contracting with MJTC. This could result in a lower daily rate, since a higher ADP would spread costs among more juveniles. If MJTC's daily rate is lower than that calculated for DJC, Racine and Milwaukee SRCCs may choose to work with MJTC directly.

29. The MJTC PR reestimate is based on the assumption that DJC will be supporting the cost of the 216.1 positions to staff 64 beds. DHS indicates that it is planning to fill its existing vacant positions, in anticipation that the MJTC population will be increasing, including through direct transfers from counties (SRCCs). Because the DHS appropriation that funds MJTC positions is a PR continuing, all moneys received appropriation, expenditures are not limited to the amounts in the Chapter 20 schedule of appropriations. Thus, a cautious approach would maintain the estimate upon which the bill is based, and which the Administration indicates reflects its intended course of action.

Serious Juvenile Offender Program

30. 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 an SJO disposition. All components of the SJO disposition are state-funded GPR, based on the projected ADP and daily rate for each type of care. It should be noted that the opening of SRCCs is not expected to decrease the SJO population as only county-funded juveniles will be moved to SRCCs.

31. As a result of modifying the daily rates in 2025-26 for Type 1 facilities to \$2,501, the community supervision daily rate to \$374 (as approved by the Committee June 5, 2025), and reestimating populations, funding for the SJO program would be increased by \$26,709,800 GPR in 2025-26. As a result of modifying the daily rates in 2026-27 for Type 1 facilities to \$2,758, the community supervision daily rate to an estimated \$392, and reestimating populations, funding for the SJO program would be increased by \$31,646,000 GPR in 2026-27.

Contract Beds

32. The Department's Division of Adult Institutions pays DJC for the placement of young offenders, sentenced as adults in the juvenile school (youth with adult sentences). In an executive budget session of the Committee on June 17, 2025, the Committee acted on budget paper #255 on Inmate Populations, Prison Contract Bed Funding, and Population and Inflationary Costs to provide the amount in the bill for youth with adult sentences (20 ADP at \$1,268 daily rate). Therefore, this paper addresses funding changes that would be necessary relative to the \$9,256,400 GPR annually that was already approved.

33. Given ADP data on youth with adult sentences, budgeting for an ADP of 20 youth with adult sentences is reasonable. As a result of the modification in the daily rate, total contract bed funding of \$18,257,300 GPR in 2025-26 (an additional \$9,000,900 GPR from the bill) would be necessary to reflect the modified daily rate. Total funding of \$20,133,400 GPR in 2026-27 (an additional \$10,877,000 GPR from the bill) would be needed for contract beds.

GPR Supplements to Lower Daily Rate

34. In order to reduce the statutory daily rate in 2025-26 to \$1,268, SB 45/AB 50 would supplement program revenue costs that are the basis for the daily rate with \$28,119,400 GPR in 2025-26 to the juvenile correctional services general program operations appropriation. (It should be noted that this is approximately the maximum amount that could supplement the PR appropriation without converting PR positions to GPR.) The DJC daily rate is also maintained at 2024-25 levels by providing \$11,583,400 GPR annually in DHS's general program operations appropriation for the state mental health institutes based on assumptions that differ from the reestimates shown above.

35. With regard to the MJTC supplement proposed in the bill, the following should be noted: (a) the general program operations appropriation for the state mental health institutes under DHS is not specific to costs associated with MJTC; (b) DHS would not be required to spend this amount on MJTC; (c) DHS could spend the provided funding of \$11,583,400 GPR annually without reducing

its PR expenditures for MJTC; and (d) it is unclear whether DHS would have a clear legal pathway for expending the GPR funds under current law appropriation purposes in the manner intended. For these reasons, the Committee could instead place a specified amount of GPR funding for this purpose in DJC's annual GPR appropriation for Mendota Juvenile Treatment Center.

36. To maintain the daily rate at \$1,268, the Committee could choose to supplement DJC and DJC's Mendota Juvenile Treatment Center appropriation. [Alternative A1] This alternative would provide \$28,119,400 GPR in 2025-26 and \$28,541,300 GPR in 2026-27 to the juvenile correctional services general program operations appropriation and \$6,977,400 GPR in 2025-26 and \$26,898,200 GPR in 2026-27 to DJC's Mendota Juvenile Treatment Center appropriation for transfers to MJTC. The GPR cost of this alternative, including funding for the SJO and contract beds appropriations is shown in Table 10 below. This alternative represents the level of resources recommended by the Governor as an increase to the base, with adjustments reflecting population reestimates.

TABLE 10

**GPR Supplements for a \$1,268 DJC Daily Rate and
Resulting Changes to Base Funding for SJOs and Contract Beds**

	<u>2025-26</u>	<u>2026-27</u>
DJC GPR Supplement Amount	\$28,119,400	\$28,541,300
DJC's MJTC GPR Supplement Amount	6,977,600	26,898,200
SJO	4,657,200	4,997,400
DAI Contract Beds*	<u>0</u>	<u>0</u>
Total Additional GPR	\$39,754,000	\$60,436,900

* \$9,256,400 annually approved in an executive budget session of the Committee on June 17, 2025 (Alternative B2 of Budget Paper #255).

37. Instead, the Committee could supplement DJC program revenue costs with GPR in order to support a daily rate of \$1,500. [Alternative A2] This alternative would provide \$28,491,800 GPR in 2025-26 to the juvenile correctional services general program operations appropriation, \$28,119,400 GPR in 2026-27 to the juvenile correctional services general program operations appropriation, and \$5,402,600 GPR in 2026-27 to DJC's Mendota Juvenile Treatment Center appropriation for transfers to MJTC. The GPR cost of this alternative, including funding for the SJO and contract beds appropriations is shown in Table 11 below.

TABLE 11

**GPR Supplement for a \$1,500 DJC Daily Rate and
Resulting Changes to Base Funding for SJOs and Contract Beds**

	<u>2025-26</u>	<u>2026-27</u>
DJC GPR Supplement Amount	\$28,491,800	\$28,119,400
DJC's MJTC GPR Supplement Amount	0	5,402,600
SJO	8,806,900	9,146,700
DAI Contract Beds*	<u>1,693,600</u>	<u>1,693,600</u>
Total Additional GPR	\$38,992,300	\$44,362,300

*\$9,256,400 annually approved in an executive budget session of the Committee on June 17, 2025 (Alternative B2 of Budget Paper #255).

38. Alternatively, the Committee could supplement DJC program revenue costs in order to support a daily rate of \$2,000. [Alternative A3] This alternative would provide \$14,256,800 GPR in 2025-26 and \$20,199,500 GPR in 2026-27 to the juvenile correctional services general program operations appropriation. The GPR cost of this alternative, including funding for the SJO and contract beds appropriations, is shown in Table 12 below.

TABLE 12

**GPR Supplement for a \$2,000 DJC Daily Rate and
Resulting Changes to Base Funding for SJOs and Contract Beds**

	<u>2025-26</u>	<u>2026-27</u>
DJC GPR Supplement Amount	\$14,256,800	\$20,199,500
DJC's MJTC GPR Supplement Amount	0	0
SJO	17,749,400	18,089,200
DAI Contract Beds*	<u>5,343,600</u>	<u>5,343,600</u>
Total Additional GPR	\$37,349,800	\$43,632,300

* \$9,256,400 annually approved in an executive budget session of the Committee on June 17, 2025 (Alternative B2 of Budget Paper #255).

39. If the Committee takes no action, the daily rate in 2025-26 will be \$2,501 in 2025-26 and \$2,758 in 2026-27. [Alternative A4] The GPR cost of this alternative in terms of funding for the SJO and contract beds appropriations is shown in Table 13 below.

TABLE 13

**Daily Rates of \$2,501 in 2025-26 and \$2,758 in 2026-27,
No GPR Supplements**

	<u>2025-26</u>	<u>2026-27</u>
Daily Rate	\$2,501	\$2,758
DJC GPR Supplement Amount	\$0	\$0
DJC's MJTC GPR Supplement Amount	0	0
SJO	26,709,800	31,646,000
DAI Contract Beds*	<u>9,000,900</u>	<u>10,877,000</u>
Total Additional GPR	\$35,710,700	\$42,523,000

*\$9,256,400 annually approved in an executive budget session of the Committee on June 17, 2025 (Alternative B2 of Budget Paper #255).

Milwaukee Type 1 Facility Costs

40. In SB 45/AB 50, \$6,473,900 GPR and 147.05 GPR positions (one month of funding) would be provided in 2025-26 for the Milwaukee Type 1 facility to enable both in-class training and job shadowing at LHS/CLS for new staff before juveniles transition to the facility in October, 2026. DJC "envision[s] that by hiring these staff a few months before the Milwaukee Type 1 opens they would have time for both in-class training and job shadowing at LHS/CLS." In order to prepare for the opening of the Milwaukee Type 1 Facility, the Committee could provide the resources in the bill. [Alternative B1]

41. Alternatively, the Committee could provide this funding, but as PR instead of GPR. [Alternative B2] This alternative would have the effect of increasing the daily rate by \$227 and increase the amount needed for the SJO program by \$4,059,900 GPR in 2025-26 and contract beds by \$1,657,100 GPR in 2025-26 to be added to Alternatives A1, A2, A3, or A4.

42. If the Committee provides no additional funding or positions for the Milwaukee Type 1 facility in 2025-26, but does provide funding and positions in 2026-27, the hiring process and training of staff would begin later than planned by the Administration.

43. SB 45/AB 50 provides \$20,913,500 GPR and 147.05 GPR positions in 2026-27 for 12 months of personnel-related costs for the Milwaukee Type 1 facility.

44. Given that the vast majority of the juveniles at the Milwaukee Type 1 facility will likely be funded through GPR through the SJO program or the DAI contract beds appropriation, the Committee could choose to provide what is in the bill in 2026-27 for the Milwaukee Type 1 facility. [Alternative B3]

45. The Committee could provide funding for the Milwaukee Type 1 facility in 2026-27, but as PR instead of GPR. If both LHS/CLS and the Milwaukee Type 1 facility are funded by PR, the

daily rate would be increased by \$785 in 2025-26. [Alternative B4] This alternative would have the effect of increasing the amount needed for the SJO program by \$14,039,700 GPR in 2025-26 and contract beds by \$5,730,500 GPR in 2025-26 to be added to Alternatives A1, A2, A3, or A4.

46. If no action is taken to provide for the operational costs and staffing of the facility, the new facility could not be utilized as intended. [Alternative B5]

Passive Review of the DJC Daily Rate

47. 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 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.

48. Prior to 2021 Act 58, the amounts that DOC must transfer to DHS in each fiscal year for the staffing costs of MJTC were specified in statute. Under Act 58, this statutory provision was repealed. In addition, the rate that MJTC charges DJC is not subject to legislative oversight.

49. In order to more accurately reflect estimated costs for the juvenile population beginning in 2026-27 and annually thereafter, particularly given the uncertainties surrounding juvenile justice in terms of both population and available space in facilities, 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 currently established. Given this, the Committee could consider setting the 2025-26 daily rate in statute and allowing Corrections to return to the Committee with a passive review request by December 1, 2025, to set the daily rate for 2026-27. [Alternative C1] This alternative would allow for a more up-to-date estimate of populations and costs for the 2026-27 fiscal year when more information is available, while still providing for legislative oversight. Note that, if daily rates increased, while counties would be charged the increased rate, expenditures from Corrections' SJO and contract bed appropriations would also increase. If additional GPR funding were needed for these appropriations, DOC could submit a request to the Committee under s. 13.10 of the statutes to ask that GPR be transferred from other GPR appropriations.

MJTC Daily Rate Statutory Provision

50. Under the bill, statutory language would be included to specify that DOC will reimburse DHS for the cost of providing services for juveniles who are under the supervision of DOC and are placed at MJTC at a per-person daily cost specified by DHS. The bill would specify that DHS may charge DOC not more than the actual cost of providing those services. This provision is included because county SRCCs will soon be able to send juveniles to MJTC as well. If the Committee wishes to specify that DOC is only charged for the cost of its juveniles, and provide that DOC would not also

be charged for the cost of SRCC juveniles, it could include the bill provision making this change. [Alternative C2]

Capital Projects for Future Facilities

51. As noted previously, while an average daily population might help set an average daily rate, it is not an optimal measure for facility planning, because the average daily population is not representative of the total population that DOC is responsible for at a given point in time. For example, on May 16, 2025, the population head count was substantially higher than the ADP of 93 noted previously, as shown in Table 14 below.

TABLE 14

Juvenile Facility Populations, May 16, 2025

	<u>May 16, 2025</u>
Lincoln Hills School	79
Copper Lake School	7
Mendota Juvenile Treatment Center - Male	27
Mendota Juvenile Treatment Center - Female	7
Grow Academy	<u>3</u>
Total	123

52. The Dane County Type 1 facility, a second replacement of the LHS/CLS schools, will be a 32-bed facility. The facility previously had planning funds of \$6 million provided in the 2023-25 biennium. The Governor's capital budget recommended \$124,749,000 in bonding authority for the project. If the project is fully funded, DOA estimates completion by 2029.

53. In the building plan set forth by the Governor, \$6,540,000 from the Building Trust Fund was also recommended for the planning of a third Type 1 facility.

54. Taking the point-in-time population count in Table 14 into account, if substantial increases in admissions to MJTC do not occur, additional facilities would be needed to close LHS/CLS. Table 15 illustrates a hypothetical distribution of such a population and the facilities that could accommodate the population.

TABLE 15

**Hypothetical Distribution of Juvenile Population
Beyond 2027-29 Biennium with Closure of LHS/CLS (Date to be Determined)**

	Count of <u>Juveniles*</u>
<u>Current Facilities</u>	
Milwaukee Type 1 (2026)	32
Mendota Juvenile Treatment Center - Male	27
Mendota Juvenile Treatment Center - Female	7
Grow Academy	<u>3</u>
Subtotal	69
<u>Future Facilities</u>	
Dane County Type 1 (2029)	27
Third Type 1 Facility (Date TBD)	<u>7</u>
Subtotal	34
 Total Juvenile Correctional Responsibility	 103
 Other 2017 Act 185 Facilities**	
Racine SRCC Juveniles no longer at LHS	15
Milwaukee SRCC Juveniles no longer at LHS	5
Other Facility Subtotal	<u>20</u>
 Total	 123

*Total count of juveniles based on May 16, 2025, population.

** Figures represent the number of county juveniles that would have been at LHS/CLS without the additional facilities provided by Act 185. The figures are not inclusive of all county juveniles placed at SRCCs.

55. As discussed previously, LHS/CLS cannot be closed in 2026-27 under current conditions, including both population size and MJTC admissions practices. Under current conditions, DJC would need to operate both LHS/CLS and the Milwaukee Type 1 facility starting in 2026-27 until both the Dane County Type 1 and a third Type 1 facility are built and open.

56. To facilitate the closing of LHS/CLS in a future biennium, the Committee could provide \$124,749,000 in bonding authority for the Dane County Type 1 facility (in addition to \$6 million of existing funding for planning of the facility). [Alternative D1]

57. To facilitate the closing of LHS/CLS in a future biennium, the Committee could allocate \$6,540,000 from the Building Trust Fund for the planning of a third Type 1 facility. [Alternative D2]

58. If no action is taken, the closure of LHS/CLS, under current conditions, would be delayed. [Alternative D3]

ALTERNATIVES

A. GPR Supplements, Daily Rates, SJOs, and Contract Beds

1. *\$1,268 Daily Rate.* Reestimate the daily rate to be \$1,268 annually. Provide \$28,119,400 GPR in 2025-26 and \$28,541,300 GPR in 2026-27 to the juvenile correctional services general program operations appropriation and \$6,977,400 GPR in 2025-26 and \$26,898,200 GPR in 2026-27 to DJC's Mendota Juvenile Treatment Center appropriation for transfers to MJTC. Provide SJO funding of \$4,657,200 GPR in 2025-26 and \$4,997,400 GPR in 2026-27. Additional contract bed funding would not be needed to fund this daily rate. Provide adjustments of \$13,889,800 PR in 2025-26 and -\$4,686,200 PR in 2026-27 for changes in juvenile operations costs.

ALT A1	Change to Base
GPR	\$100,190,900
PR	<u>9,203,600</u>
Total	\$109,394,500

2. *\$1,500 Daily Rate.* Reestimate the daily rate to be \$1,500 annually. Provide \$28,491,800 GPR in 2025-26 and \$28,119,400 GPR in 2026-27 to the juvenile correctional services general program operations appropriation. Provide \$5,402,600 GPR in 2026-27 to DJC's Mendota Juvenile Treatment Center appropriation for transfers to MJTC. Increase SJO funding by \$8,806,900 GPR in 2025-26 and increase contract bed funding by \$1,693,600 GPR in 2025-26. Due to the daily rate modification, increase SJO funding by \$9,146,700 GPR in 2026-27 and increase contract bed funding by \$1,693,600 GPR in 2026-27. Provide \$20,867,400 PR in 2025-26 and \$16,809,400 PR in 2026-27 for juvenile operations cost increases.

ALT A2	Change to Base
GPR	\$83,354,600
PR	<u>37,676,800</u>
Total	\$121,031,400

3. *\$2,000 Daily Rate.* Reestimate the daily rate to be \$2,000 annually. Provide \$14,256,800 GPR in 2025-26 and \$20,199,500 GPR in 2026-27 to the juvenile correctional services general program operations appropriation. Increase SJO funding by \$17,749,400 GPR in 2025-26 and \$18,089,200 GPR in 2026-27 and increase contract bed funding by \$5,343,600 GPR in 2025-26 and \$5,343,600 GPR in 2026-27. Provide \$20,867,400 PR in 2025-26 and \$22,212,000 PR in 2026-27 for juvenile operations cost increases.

ALT A3	Change to Base
GPR	\$80,982,100
PR	<u>43,079,400</u>
Total	\$124,061,500

4. *\$2,501 Daily Rate in 2025-26 and \$2,758 Daily Rate in 2026-27.* Reestimate the daily rate to be \$2,501 in 2025-26 and \$2,758 in 2026-27. Increase SJO funding by \$8,806,900 GPR in 2025-26 and \$31,646,000 GPR in 2026-27 and increase contract bed funding by \$1,693,600 GPR in 2025-26 and \$10,877,000 GPR in 2026-27. Provide \$20,867,400 PR in 2025-26 and \$22,212,000 PR in 2026-27 for juvenile operations cost increases.

ALT A4	Change to Base
GPR	\$78,233,700
PR	<u>43,079,400</u>
Total	\$121,313,100

B. Milwaukee Type 1 Facility

1. *First Year (One Month); GPR Positions.* Provide \$6,473,900 GPR and 147.05 GPR positions in 2025-26 (one month of funding) for the Milwaukee Type 1 facility to enable both in-class training and job shadowing at LHS/CLS for new staff before juveniles transition to the facility in October, 2026.

ALT B1	Change to Base Funding	Positions
GPR	\$6,473,900	147.05

2. *First Year (One Month); PR Positions.* Provide \$6,473,900 PR and 147.05 PR positions (one month of funding) for the Milwaukee Type 1 facility. Increase the daily rate by \$227 and provide an additional \$4,059,900 in 2025-26 for the SJO program and \$1,657,100 in 2025-26 for contract beds to be added to Alternatives A1, A2, A3, or A4.

ALT B2	Change to Base Funding	Positions
GPR	\$5,717,000	0.00
PR	<u>6,473,900</u>	<u>147.05</u>
Total	\$12,190,900	147.05

3. *Second Year; GPR Positions.* Provide \$20,913,500 GPR and 147.05 GPR positions in 2026-27 for 12 months of personnel-related costs for the Milwaukee Type 1 facility.

ALT B3	Change to Base Funding	Positions
GPR	\$20,913,500	147.05

4. *Second Year; PR Positions.* Provide \$20,913,500 PR and 147.05 PR positions in 2026-27 for 12 months of personnel-related costs for the Milwaukee Type 1 facility. Increase the daily rate

by \$785. This alternative would have the effect of increasing the amount needed for the SJO program by \$14,039,700 in 2025-26 and contract beds by \$5,730,500 in 2025-26 to be added to Alternatives A1, A2, A3, or A4.

ALT B4	Change to Base	
	Funding	Positions
GPR	\$19,770,200	0.00
PR	<u>20,913,500</u>	<u>147.05</u>
Total	\$40,683,700	147.05

5. Take no action.

C. Statutory Modifications

1. Remove the 2026-27 daily rate from statute and instead have the 2026-27 daily rate set through a 14-day passive review process submitted by DOC to the Joint Committee on Finance by December 1, 2025, and each December 1 thereafter.

2. Modify statute to specify that DOC will reimburse DHS for the cost of providing services for juveniles who are under the supervision of DOC and are placed at MJTC at a per-person daily cost specified by DHS. Specify that DHS may charge DOC not more than the actual cost of providing those services.

3. Take no action.

D. Additional Type 1 Facilities

1. Provide \$124,749,000 in bonding authority in the 2025-27 building program (in addition to \$6 million of existing funding for planning of the facility) for construction of the Dane County Type 1 facility to assist with the closure of LHS/CLS.

ALT D1	Change to Base
BR	\$124,749,000

2. Provide \$6,540,000 from the Building Trust Fund for the planning of a third Type 1 facility to assist with the closure of LHS/CLS.

3. Take no action.

Prepared by: Sarah Wynn



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Joint Committee on Finance

Paper #271

Update Years in Youth Aids Statute (Corrections -- Juvenile Corrections)

CURRENT LAW

The community youth and family aids program (youth aids) provides each county with an annual allocation of state and federal funds from which a county may pay for juvenile delinquency-related services, including out-of-home placements, costs of detention and secured residential care centers, and non-residential, community-based services for juveniles.

MODIFICATION

Modify statutory provisions relating to the calendar year allocation of youth aids funding to reference 2025, 2026, and 2027 instead of 2023, 2024, and 2025.

Explanation: Since the years associated with youth aids allocations are in statute, statute must be updated to reflect the current biennium to facilitate distribution of youth aids funding.

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