



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #361

Alternate Care (Corrections -- Juvenile Corrections)

[LFB 2001-03 Budget Summary: Page 225, #3]

CURRENT LAW

A juvenile residential aftercare appropriation pays alternate care providers the costs of care for juveniles under state dispositions who are returning to the community after placement in secured correctional facilities. Base funding for the appropriation is \$12,387,500 PR. Alternate care settings include child caring institutions, group homes, treatment foster homes and foster homes. The daily rates charged to counties and the state's serious juvenile offender program for each type of state-provided alternate care are statutorily specified for the first six months of the biennium, the calendar year spanning the middle of the biennium and the last six months of the biennium. The rates for the period January 1, 2001, to June 30, 2001, are as follows:

	Statutory Rates 1-1-01 thru <u>6-30-01</u>
Child Caring Institutions	\$190.70
Group Homes	123.45
Treatment Foster Homes	78.23
Regular Foster Homes	27.16

GOVERNOR

Provide \$515,300 PR in 2001-02 and \$1,333,700 PR in 2002-03 for the juvenile residential aftercare appropriation (alternate care) to reflect the projected costs of alternate care and the estimated alternate care populations in 2001-02 and 2002-03.

Repeal the statutory daily rates for alternate care. Charges to both the counties and the state (in the case of juveniles whose costs are paid through the serious juvenile offender

appropriation) would be based on the actual daily rates charged at each alternate care setting utilized.

DISCUSSION POINTS

1. Under current law, statutory daily rates are specified for the following alternate care settings: (a) child caring institutions; (b) group homes; (c) treatment foster homes; and (d) regular foster homes. While a single rate for each type of care is set in statute, individual facilities or homes providing each type of care charge a variety of daily rates. While DOC charges counties and the state the statutorily-specified daily rate for care in these settings, the Department must pay each provider the rate charged by the respective facilities.

2. Under the bill, the statutory daily rates would be eliminated for alternate care. As a result, counties and the state (for serious juvenile offenders) would be charged the actual daily rate charged at each alternate care facility in which a juvenile is placed. The Department requested this change in its 2001-03 biennial budget request. DOC officials indicate that charging counties and the state a single rate for an alternate care placement, but having to pay providers highly variable rates, makes the management of the alternate care budget difficult. Unlike the types of care provided by the state (institutions, corrective sanctions and aftercare), where the state has some flexibility in controlling costs, alternate care is made available by providers whose costs and rates cannot be controlled by the state. The provision under the bill would remove this budgeting difficulty by charging the actual care rate for each placement.

3. While statutory rates would be eliminated, average daily rates for alternate care must still be estimated in order to establish the Department's budget for the residential aftercare appropriation. Under the bill, the rates for budgeting purposes are estimated by taking the actual average daily costs incurred for each type of care for the six-month period, January through June, 2000, and applying annual percentage increases (6% for child caring institutions and 5% for all other types of alternate care) to estimate 2000-01, 2001-02 and 2002-03 average daily costs. The 2001-02 and 2002-03 estimated average daily costs and projected ADP are then used to calculate the funding for alternate care under the bill.

4. In addition to the alternate care types specified in statute, the Department also utilizes other settings for certain placements that are not statutorily specified, but are paid from the juvenile residential aftercare appropriation. These settings typically involve monitored living situations (dorm-style settings or small apartments) for individuals who are 18 to 21 years of age and still subject to a juvenile disposition, but who are too old to be placed in a juvenile facility. An average cost for these other types of living arrangements is also estimated in order to budget for alternate care.

5. It could be argued that the budgeted rates could continue to be specified in statute. The statutory rates may provide an incentive to the Department to control costs. If the rates are no longer statutorily specified, it could be argued that this incentive is lost. On the other hand, when

rates are statutorily set and actual average costs increase more than anticipated, the Department may be under pressure to place juveniles in less costly settings that do not provide all the services a juvenile may need (but which may be available in more costly settings). In addition, if the rate estimates are reasonable, the resulting expenditure authority provided to the Department acts as an incentive in controlling costs.

6. The following table shows the statutory alternate care rates for 2000-01 and the average rates projected under the bill for 2001-02 and 2002-03.

	Statutory Rates 1-1-01 thru <u>6-30-01</u>	Governor (Non-Statutory)	
		7-1-01 thru <u>6-30-02</u>	7-1-02 thru <u>6-30-03</u>
Child Caring Institutions	\$190.70	\$213.00	\$226.00
Group Homes	123.45	129.00	135.00
Treatment Foster Homes	78.23	81.00	85.00
Regular Foster Homes	27.16	41.00	43.00
Other Living Arrangements	None	53.00	56.00

7. Data on alternate care costs for the last three calendar years (1998, 1999 and 2000) indicate that child caring institutions had average cost increases of 6.2% annually over the period. Group home average cost increases totaled 3.3% over the three years while treatment foster home cost increases averaged 5.7%. The Department's assumptions concerning the growth in average costs for each type of care (6% for child caring institutions and 5% for other types of care) appear conservative, but reasonable.

8. The average daily population (ADP) for alternate care totaled 174 in 1999-00. Through February, 2001, the 2000-01 ADP totaled 188. Under the bill, the alternate care ADP is projected at 188 in 2001-02 and 189 in 2002-03.

9. ADP projections for alternate care are made on the basis of data relating to the number of juveniles in alternate care as a percent of juveniles under aftercare supervision. Aftercare population estimates under the bill (242 in 2001-02 and 243 in 2002-03) are now reestimated at 256 in 2001-02 and 255 in 2002-03. Based on these aftercare projections and more recent data on the ratio of aftercare juveniles in alternate care, the ADP estimates for alternate care are increased to 200 in 2001-02 and 199 in 2002-03.

10. These population reestimates and the estimated alternate care rates under the bill result in appropriations for juvenile alternate care of \$13,568,800 PR in 2001-02 and \$14,309,000 PR in 2002-03. This is an increase to the bill of \$666,000 PR in 2001-02 and \$587,800 PR in 2002-03.

ALTERNATIVES TO BILL

1. Approve the Governor’s recommendation to repeal the statutory daily rates for alternate care. Charges to both the counties and the state (in the case of juveniles whose costs are paid through the serious juvenile offender appropriation) would be based on the actual daily rates charged at each alternate care setting utilized.

2. Maintain statutory daily rates for alternative care, specified in the same manner as statutory daily rates for secured correctional facilities, corrective sanctions and aftercare supervision. Under this alternative, the statutory daily rates (if calculated on a fiscal year basis) for child caring institutions, group homes, treatment foster care and regular foster care would be the rates used to calculate the alternate care budget, as follows:

	7-1-01 thru <u>6-30-02</u>	7-1-02 thru <u>6-30-03</u>
Child Caring Institutions	\$213.00	\$226.00
Group Homes	129.00	135.00
Treatment Foster Homes	81.00	85.00
Regular Foster Homes	41.00	43.00

(A calculation to maintain daily rates on a calendar-year basis would be technical and would not affect funding).

MODIFICATION

Provide \$666,000 in 2001-02 and \$587,800 in 2002-03 for juvenile residential aftercare to reflect average daily populations in alternate care settings of 200 in 2001-02 and 199 in 2002-03.

Explanation: Under the modification, \$13,568,800 in 2001-02 and \$14,309,000 in 2002-03 would be appropriated for alternate care costs.

Modification	PR
2001-03 FUNDING (Change to Bill)	\$1,253,800

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