



## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873  
Email: [fiscal.bureau@legis.wisconsin.gov](mailto:fiscal.bureau@legis.wisconsin.gov) • Website: <http://legis.wisconsin.gov/lfb>

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Joint Committee on Finance

Paper #254

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

[LFB 2019-21 Budget Summary: Page 104, #2; and Page 105, #3]

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#### **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 and Mendota Juvenile Treatment Center (MJTC) is \$397. 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.

##### **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 \$19,077,000 GPR.

## GOVERNOR

### Statutory Daily Rates

Specify the following statutory daily rates be established for juvenile correctional services provided or purchased by the Department that would be charged to counties and paid through counties' youth aids allocations, or paid by the state through the serious juvenile offender appropriation. The table below shows the expenses included in the calculation of the daily rate and resulting daily rate.

#### Juvenile Rates 2019-2021 -- Governor

	<u>2019-20</u>	<u>7/1/20- 12/31/20</u>	<u>1/1/21- 6/30/21</u>
Base	\$31,170,300	\$15,713,200	\$15,457,100
Standard Budget Adjustments	632,300	318,700	313,600
Operating Reserves	869,700	734,600	722,700
Rent	3,200	2,200	2,100
PR Reestimate	-290,600	-142,600	-140,300
Risk Management Premium	463,600	233,700	229,900
MJTC Re-Estimate	291,500	166,700	2,598,600
Food, Variable, and Health	<u>54,300</u>	<u>67,700</u>	<u>66,500</u>
Total Expenses	\$33,194,300	\$17,094,200	\$19,250,200
Daily Rate	\$501	\$513	\$588

	Statutory Rates		Governor	
	<u>7-1-18 thru 6-30-19</u>	<u>7-1-19 thru 6-30-20</u>	<u>7-1-20 thru 12-31-20</u>	<u>1-1-21 thru 6-30-21</u>
Juvenile Correctional Facilities*	\$397	\$501	\$513	\$588

\*Includes: (a) transfers from a juvenile detention facility to the Mendota Juvenile Treatment Center; and (b) youth under 18 with adult sentences.

## Serious Juvenile Offender Program

Reduce funding by \$2,914,200 GPR in 2019-20 and \$605,100 GPR in 2020-21 related to provide juvenile institution care, alternate care, and community supervision for serious juvenile offenders (SJO). Decreased costs are associated with a decrease in the estimated average daily population (ADP). The estimated ADP for the SJO population would be 116 in 2019-20 and 104 in 2020-21. Base funding for the program is \$19,077,000 GPR annually. In January, 2019, SJO had an average ADP of 113 juveniles. The following ADPs for the SJO appropriation, are projected for the 2019-21 biennium:

### Governor SJO Average Daily Population

<u>Type of Care</u>	<u>Serious Juvenile Offenders</u>	
	<u>2019-20</u>	<u>2020-21</u>
Juvenile Corrections Facilities	45	58
Community Supervision Program	<u>71</u>	<u>46</u>
Total ADP	116	104
Alternate Care*	31	20

\* 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.

### Contract Beds

Decrease contract bed funding for youth under 18 with adult sentences from \$5,071,700 GPR annually (for 35 youth) to \$4,409,600 GPR in 2019-20 and \$4,511,400 GPR in 2020-21 (for 24 youth). Contract bed funding is provided under the Division of Adult Institutions and calculated using the daily rate.

## 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.

### Juvenile Population and Inflationary Costs

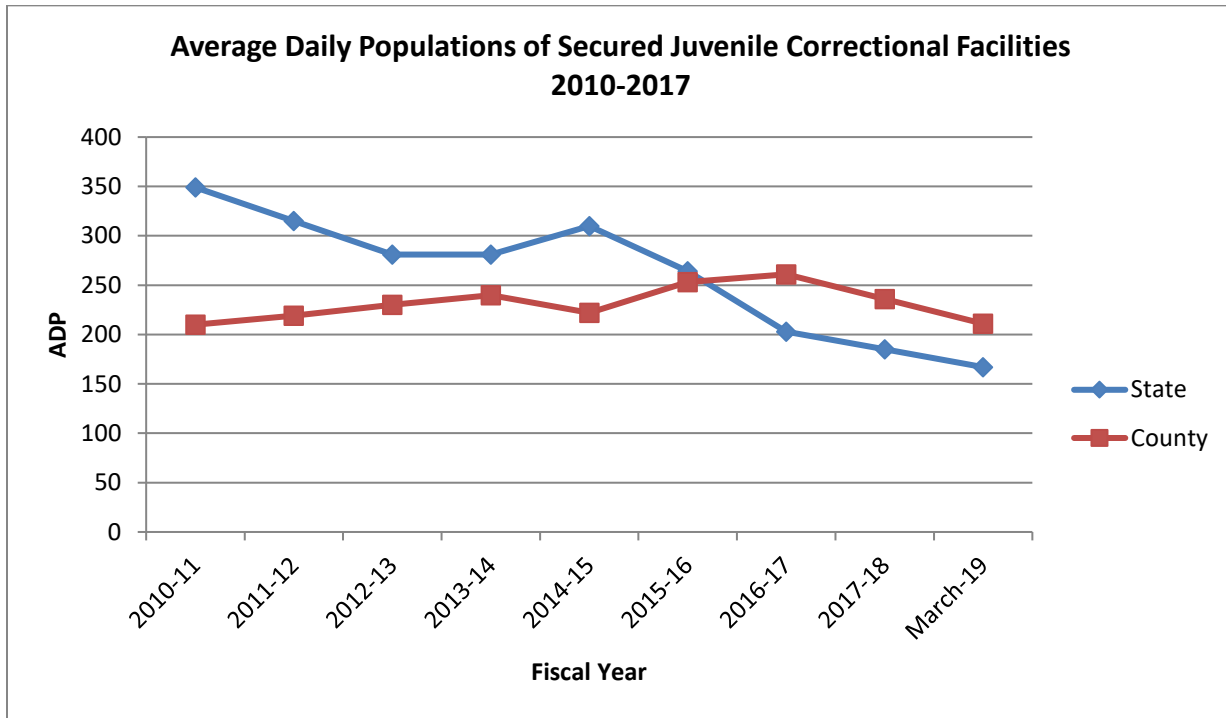
1. The estimated population projections for juveniles in the 2019-21 biennium would include 169 juveniles annually in the juvenile facilities. This paper uses the 169 population for estimating purposes. The population projections include juveniles in the SJO program.

### Statutory Daily Rates

2. During the public hearings on the budget, a number of county representatives indicated

that the 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. 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 2018-March of 2019 is shown in the chart below.



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 \$33,139,100 in 2019-20 and \$36,343,500 in 2020-21 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 2019-2021**

	<u>2019-20</u>	<u>7/20 - 12/20</u>	<u>1/21 - 6/21</u>
Base	\$31,170,300	\$15,713,200	\$15,457,100
Standard Budget Adjustments	632,300	318,700	313,600
Operating Reserves	869,700	734,600	722,700
Rent	3,200	2,200	2,100
PR Reestimate	-290,600	-142,600	-140,300
Risk Management Premium	463,600	233,700	229,900
MJTC Re-Estimate	291,500	166,700	2,598,600
Food, Variable, and Health	<u>-900</u>	<u>67,200</u>	<u>66,200</u>
Total Expenses	\$33,139,100	\$17,093,700	\$19,249,800
Daily Rate	\$532	\$550	\$629

5. Based on the reestimated populations and population-related cost adjustments, the statutory daily rates would be modified as follows:

	<u>Governor*</u>			<u>Modification*</u>			<u>Difference</u>		
	<u>7-1-20 thru</u>	<u>1-1-21 thru</u>		<u>7-1-20 thru</u>	<u>1-1-21 thru</u>		<u>7-1-20 thru</u>	<u>1-1-21 thru</u>	
	<u>2019-20</u>	<u>12-31-20</u>	<u>6-30-21</u>	<u>2019-20</u>	<u>12-31-20</u>	<u>6-30-21</u>	<u>2019-20</u>	<u>12-31-20</u>	<u>6-30-21</u>
Juvenile Correctional Facilities	\$501	\$513	\$588	\$532	\$550	\$629	\$21	\$19	\$41

\*Amounts include the \$6 statutory add-on to the daily rate.

6. The reestimated daily rates represent a change to the administration's recommended rates for juvenile correctional facilities, \$21 in 2019-20, \$19 for July 1, 2020, thru December 31, 2120, and \$41 for January 1, 2021, thru June 30, 2021. Subsequent papers address various issues which may additionally adjust the daily rate.

7. Current statutory language provides that if monies generated by the daily rate exceed actual costs by more than 2% (\$635,118 in 2019-20 and \$651,306 in 2020-21), 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.

8. In considering the new Type 1 facilities, expanded MJTC, and SRCC's described by 2017 Act 185, it is unlikely that rates for these facilities will be significantly different from the estimated daily rates for 2019-21 biennium. To this point, in La Crosse's presentation to the Grant Committee on May 6, 2019, it was estimated that La Crosse's SRCC would have to charge other counties a daily rate of \$400 to \$500 dollars a day.

9. It should be noted that daily rates for Lincoln Hills/Copper Lakes has been comparable to the daily rates of group homes and Residential Care Centers (RCC) that provide 24/7 care for juveniles both with and without dispositional orders.

10. Group homes provide care and maintenance for five to eight children, excluding children of minors. Group homes may be: (a) family-operated group homes, where the licensee is one or more individuals who operate only one group home; (b) agency-operated group homes, where the licensee is a public agency other than DCF; or (c) corporation-operated group homes, where the licensee is a nonprofit or proprietary corporation that operates one or more group homes. Group homes charge a daily rate between \$180 and \$240.

11. 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 \$269 and \$557 per day.

### **Serious Juvenile Offender Program**

12. 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 \$19,077,000 GPR. The average SJO program ADP through March, 2019, 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>2019-20</u>	<u>2020-21</u>
Juvenile Corrections Facilities	38	52
Community Supervision Program	<u>72</u>	<u>46</u>
Total ADP	110	98
Alternate Care <sup>1</sup>	31	20

<sup>1</sup> 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.

13. As a result of modifying the daily rates and reestimating populations, funding for the SJO program would be decreased by \$3,800,400 GPR in 2019-20 and \$1,152,400 GPR in 2020-21.

### **Contract Beds**

14. 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 decreased contract bed funding of \$565,500 GPR in 2019-20 and increased \$87,900 GPR in 2020-21 (from \$5,071,700 GPR annually to \$4,506,200 GPR in 2019-20, and \$5,159,600 GPR in 2020-21) would be necessary to reflect the modified daily rate.

15. The Committee, in taking action on LFB Budget Paper #255 regarding the Mendota Juvenile Treatment Center, may make modifications to the juvenile operating budget that would affect daily rate estimates. Following Committee action on the juvenile justice papers, this office will provide a modification to the Committee which will indicate the statutory daily rate for the juvenile facilities for 2019-20 and 2020-21. In addition, the modification will address reestimates of the serious juvenile offender appropriation, which must also reimburse the Division of Juvenile Corrections for the costs of care provided to certain state-funded juvenile offenders. Therefore, the paper will not include alternatives that modify the daily rate, SJO and a reestimate of the contract beds appropriation and contract beds.

### **Passive Review of the Daily Rate**

16. There are significant decisions to be made surrounding juvenile justice as discussed in previous papers. 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 2020-21 through the biennial budget process impossible.

17. Given the uncertainty around the Act 185 implementation or modifications and the location of resulting juvenile populations, the Committee may consider setting the 2019-20 daily rate in statute and allowing Corrections to return to the Committee with a passive review request by March 1, 2020, to set the daily rate for 2020-21. [Alternative 1] This alternative would allow for a more accurate estimate of costs and populations for the 2020-21 fiscal year when more information is available, while still providing for legislative oversight.

18. If no action is taken regarding the passive review of the daily rate, the rates would continue to be established in statute. [Alternative 2]

19. Under either alternative, as indicated in point #15 above, this office will prepare a subsequent modification paper establishing the 2019-20 and 2020-21 rate based on Committee action.

### **ALTERNATIVES -- PASSIVE REVIEW OF THE DAILY RATE**

1. Remove the 2020-21 daily rate from statute and instead have the 2020-21 daily rate set through a 14-day passive review process submitted to the Joint Committee on Finance by March 1, 2020.

2. Take no action.

Prepared by: Sarah Wynn