



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

May 15, 2003

Joint Committee on Finance

Paper #255

Juvenile Population Estimates and Daily Rates (DOC -- Juvenile Corrections)

[LFB 2003-05 Budget Summary: Page 124, #1 and Page 125, #2]

CURRENT LAW

Under current law, daily rates for juvenile care in a given biennium are specified in statute by fiscal year for secured correctional facilities, state aftercare supervision, the corrective sanctions program, and for each type of alternate care setting, including residential care centers for children and youth (formerly termed child caring institutions), group homes, treatment foster homes and foster homes. An average daily rate is calculated for secured correctional facilities, state aftercare supervision, and the corrective sanctions program based on the projected annual cost and the estimated average daily population (ADP) for each type of care. Alternate care rates are determined by applying percentage adjustments to prior daily rates for each type of care.

GOVERNOR

Decrease the juvenile average daily population (ADP) estimate from 1,352 in 2002-03 to 1,208 in 2003-04 and to 1,203 in 2004-05, as shown in the following table. The population projections include juveniles funded under the serious juvenile offender (SJO) program. Under the bill, the population projections in Table 1 are used in the calculation of daily rates for each type of care, excluding alternate care.

TABLE 1
Average Daily Population

<u>Type of Care</u>	<u>2002-03*</u>	<u>Projected ADP</u>	
		<u>2003-04</u>	<u>2004-05</u>
Secured Correctional Facilities	961	830	829
Other Placements			
Corrective Sanctions	136	136	136
Aftercare Services	<u>255</u>	<u>242</u>	<u>238</u>
Subtotal -- Other Placements	391	378	374
Total ADP	1,352	1,208	1,203
Alternate Care	199	171	168

* Estimates under the 2001-03 biennial budget act.

Establish the statutory daily rates summarized in Table 2 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.

TABLE 2
Statutory Daily Rates

	Current Rates	<u>Senate Bill 44</u>	
	7-1-02 thru <u>6-30-03</u>	7-1-03 thru <u>6-30-04</u>	7-1-04 thru <u>6-30-05</u>
Secured Correctional Facilities*	\$172.51	\$190.00	\$194.00
Residential Care Centers	226.00	225.00	239.00
Group Homes	135.00	142.00	149.00
Corrective Sanctions	84.50	88.00	89.00
Treatment Foster Homes	85.00	88.00	92.00
Regular Foster Homes	43.00	47.00	49.00
Aftercare Supervision	22.66	25.00	26.00

*Including transfers from a secured correctional facility to the Mendota Juvenile Treatment Center

Provide that the daily rates for state-provided services (secured correctional facilities, corrective sanctions, and aftercare supervision) be specified in statute rounded to the nearest dollar (as shown in the table above). Under current law, only daily rates for alternate care settings (residential care centers, group homes, regular foster homes, and treatment foster homes) are rounded to the nearest dollar.

DISCUSSION POINTS

1. The secured facilities include Ethan Allen School, Lincoln Hills School, Southern Oaks Girls School, the SPRITE Program, the Mendota Juvenile Treatment Center and the Prairie du Chien facility. Under current law, the Prairie du Chien facility is designated a temporary prison for young adult males until July 1, 2003. Under the bill, the facility would be designated an adult prison on a permanent basis. Through March, 2003, the 2002-03 average daily population (ADP) of juveniles placed at secured correctional facilities is 814.3.

2. Under the corrective sanctions program, certain juveniles, following release from a juvenile correctional facility, are placed in the community and provided with intensive surveillance and a range of community-based treatment services. The intensive surveillance component of the program must be available 24 hours-a-day, seven-days-a-week and DOC may provide electronic monitoring of program participants. Through March, 2003, the 2002-03 ADP of juveniles placed in corrective sanctions is 146.4.

3. Aftercare supervision is provided to other juveniles under state supervision following release from a juvenile correctional facility. A juvenile provided with aftercare supervision may be placed in an alternate care setting, a relative's home or the juvenile's own home. Through March, 2003, the 2002-03 ADP of juveniles placed in aftercare is 251.6. Alternate care includes residential care centers for children and youth, group homes, foster homes and treatment foster homes. The average daily population for alternate care is a subset of aftercare services. [Alternate care costs are considered under Paper #256.]

4. Each type of state care (secured correctional facilities, corrective sanctions program, and aftercare services) has a different mix of associated costs that must be determined as accurately as possible during each budget cycle. In turn, these costs are paid through a combination of state and county funding.

5. An average daily rate is calculated for each type of care based on the projected annual cost and the estimated ADP for that type of care. Either the state or counties are charged that rate for each juvenile provided with the service. In the case of the counties, this daily rate may be paid through GPR youth aids allocated to each county on a calendar year basis or through other county funding, if state youth aids funding is not available. The care and treatment of certain violent, extended jurisdiction and serious juvenile offenders, effective July 1, 1996, is paid with state GPR funding under the serious juvenile offender appropriation.

6. The projected juvenile population for a given budget cycle is, therefore, a critical

determination, affecting the rates charged to counties and to the state's serious juvenile offender appropriation. When the costs of care remain relatively fixed, it is the variation in juvenile population projections that most affects changes in the daily rates. If the population is projected to increase, the average daily rates will decrease. Conversely, if juvenile population is projected to decrease, the daily rates will increase.

Institutional Population Reestimate

7. Under the bill, the ADP for juveniles placed in secured correctional facilities is projected to total 830 in 2003-04 and 829 in 2004-05.

8. Juvenile populations in secured correctional facilities have varied. A dramatic five-year growth period occurred in the years 1991-92 through 1995-96, when the ADP for institutional care grew from 671 to 1,038. Populations since then are shown in the table below. The 2002-03 ADP is a year-end projection based on actual data through March, 2003.

<u>Year</u>	<u>ADP</u>	<u>% Change</u>
1995-96	1,038	--
1996-97	946	-8.9%
1997-98	925	-2.2
1998-99	965	4.3
1999-00	949	-1.7
2000-01	953	0.4
2001-02	869	-8.8
2002-03*	805	-7.4

*Estimated.

9. The decline to 946 juveniles in 1996-97 and to 925 juveniles in 1997-98 may be attributed, in large part, to the statutory modification, effective January 1, 1996, that treated 17-year-old offenders in Wisconsin as adults. The decline in recent years is more likely the result of several interrelated factors.

10. First, juvenile arrest statistics may partially explain this trend. Between 1992 and 1996, juvenile arrests for violent crime averaged 2,410 annually, and juvenile arrests for serious property crime averaged 29,581 annually. In the period 1997 through 2001, juvenile arrests for violent crime averaged 2,131 annually (an 11.6% decrease), and juvenile arrests for serious property crime averaged 22,809 annually (a 22.9% decrease). In the five-year period between 1997 and 2001, juvenile arrests for violent crimes have declined by 16.4%, and juvenile arrests for serious property crimes have declined by 27.6%. As a result, it would be expected that placements at secured juvenile correctional facilities would also decline.

11. Second, there has been a decrease in the absolute numbers of juveniles within their age cohorts. According to DOA demographic projections, juvenile populations are expected to

decline between 2000 and 2005 by 3.2% for the 10 to 14 year old age cohort and by 3.6% for the five to 17 year old age cohort. This decline in juvenile population is expected to continue between 2005 and 2010, before trending up again after 2010.

12. Finally, some of the decline in ADP at the secured juvenile correctional facilities may be due to counties attempting to limit placements at state institutions and placing some juveniles instead in local, community settings that may be less expensive. Presumably this would not occur for juveniles committing more serious offenses, but could be a factor in the placement of juveniles who commit somewhat less serious offenses. In these latter cases, courts may have more discretion to select different care and treatment options and may choose a less expensive setting for certain appropriate juveniles. There is no data available to assess the importance of this factor, but it should be expected to occur, given the cost of state institutional care and the fiscal pressures on county budgets.

13. The Governor's ADP estimate for secured juvenile correctional facilities (830 in 2003-04 and 829 in 2004-05) is identical to that made in DOC's biennial budget request. The Department's estimate was developed in the summer of 2002. At that time, the estimate appeared reasonable, based on 2001-02 population data. However, with a revised 2002-03 projected ADP of 805, the Governor's projection for the 2003-05 biennium appears to be too high, as a decline in institutional populations now appears to be occurring.

14. ADP data in recent weeks has reflected placements below 800 juveniles at secured correctional facilities. These levels may be an anomaly and may not be representative of the ADP that will occur in the 2003-05 biennium. On the other hand, the projections under the bill should be adjusted on the basis of the recent population data. This analysis suggests that juvenile institutional ADP should be reestimated at 800 juveniles annually in the 2003-05 biennium.

Institutional Daily Rate Recalculation

15. As shown above in Table 2, the bill would establish statutory daily rates for institutions, as well as for other types of juvenile care and treatment. Under the bill, the daily rate for secured correctional facilities would be established \$190 in 2003-04 and \$194 in 2004-05, based on ADP projections of 830 juveniles in 2003-04 and 829 juveniles in 2004-05. Following the introduction to the bill, budget errata from the administration show that the cost basis used to calculate the daily rates for institutional care did not include certain reductions made under the bill. Accounting for these corrections, the daily rate would be reduced to \$187 in 2003-04 and \$191 in 2004-05. [Similarly, the errata would also modify the daily rate for corrective sanctions from \$88 in 2003-04 and \$89 in 2004-05, to \$86 in 2003-04 and the bill's \$88 in 2004-05. This modification is accurate. The errata also make a slight adjustment to aftercare costs that does not change the rounded aftercare daily rate.]

16. In the absence of any modification to juvenile institutional costs (as corrected), the consequence of lowering the ADP projections to 800 juveniles annually in the 2003-04 biennium is to increase the daily rate to \$194 in 2003-04 and to \$198 in 2004-05. These adjustments represent

an increase of \$4 each year, compared to the bill, and an increase of \$7 each year, compared to the corrected rates.

17. The Committee could modify the cost basis for calculating institutional daily rates through action on two other corrections-related papers: (a) Paper #258, [Population-Related Position Reductions at Secured Correctional Facilities]; and (b) Paper #225, [Standard Budget Adjustments]. All the Committee's actions will be reflected in the revised daily rate calculation that will be included in the Committee's substitute amendment to SB 44 following its deliberations on these issues.

18. The bill also provides that the daily rates for state-provided services (secured correctional facilities, corrective sanctions, and aftercare supervision) be specified in statute rounded to the nearest dollar (see Table 2). Under current law, only daily rates for alternate care settings (residential care centers, group homes, regular foster homes, and treatment foster homes) are rounded to the nearest dollar.

19. The following table compares the rounded and the actual rates for institutional care under the bill (adjusted for the budget errata and incorporating the revised ADP projections discussed above).

<u>Daily Rates</u>	<u>2003-04</u>	<u>2004-05</u>
Rounded Rates	\$194.00	\$198.00
Actual Rates	194.16	198.31
Difference	0.16	0.31
Annual Effect	\$46,800	\$90,500

20. The difference between the rounded and actual rates multiplied by the ADP projection and the number of days in the year results in the annual effect shown in the table. In this case, both years were rounded down and, as a result, the annual rounding difference represents a loss of program revenue for DOC and a savings for counties and the state's serious juvenile offender (SJO) appropriation. If the calculation results in an exact dollar amount that is rounded up, then the counties and the SJO appropriation would pay more under the rounding approach, and DOC would gain program revenue. This effect would also be mirrored with the rounded rates for the corrective sanctions program and aftercare services.

21. In the case of secured correctional facility care, the rounding provision would result in a loss in program revenue to the state of \$137,300 in the 2003-05 biennium. In the case of the corrective sanctions program and aftercare services, the rounding provision would result in counties and the SJO appropriation paying an additional \$15,400 and \$800 respectively in the 2003-05 biennium. In total, for all types of state care, state program revenue would be reduced by \$121,100 in the biennium, under the cost corrections and revised ADP projections used in this analysis. [Note that these figures would change for each modification that might be made to the ADP projection or

the cost basis for each type of care.]

22. DOC officials indicate that the rounding provision was sought to make calculations easier for both state and local officials following the establishment of the daily rates. The Department advises that the use of whole numbers helps eliminate data entry errors and makes certain calculation errors easier to identify. It is also possible that the positive or negative effects on state program revenue or county or SJO payments would even out over time.

ALTERNATIVES

1. Reestimate the average daily population for secured correctional facilities at 800 juveniles annually in 2003-04 and 2004-05. Adopt the Governor's recommendation that the daily rates for state-provided services be specified in statute, rounded to the nearest dollar, and provide the following statutory daily rates for state-provided services:

	<u>Reestimated</u>	
	<u>7-1-03 thru 6-30-04</u>	<u>7-1-04 thru 6-30-05</u>
Secured Correctional Facilities	\$194.00	\$198.00
Corrective Sanctions	86.00	88.00
Aftercare Supervision	25.00	26.00

2. Reestimate the average daily population for secured correctional facilities at 800 juveniles annually in 2003-04 and 2004-05. Delete the provision that the statutory daily rates for state-provided services be rounded to the nearest dollar and instead specify the exact daily rates in statute. Provide the following statutory daily rates for state-provided services:

	<u>Reestimated</u>	
	<u>7-1-03 thru 6-30-04</u>	<u>7-1-04 thru 6-30-05</u>
Secured Correctional Facilities	\$194.16	\$198.31
Corrective Sanctions	86.06	87.63
Aftercare Supervision	25.02	25.97

Prepared by: Art Zimmerman