

AN EVALUATION

Youth Aids Program

Department of Corrections

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January 1999

1999-2000 Joint Legislative Audit Committee Members

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State Auditor - Janice Mueller

Editor of Publications - Jeanne Thieme

Audit Prepared by

Paul Stuibler, Director and Contact Person
Victoria Flood, Supervisor
James Chrisman
Kellie Monroe
Desiree Morris
Robert Sommerfeld

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State of Wisconsin

LEGISLATIVE AUDIT BUREAU



JANICE MUELLER
STATE AUDITOR
SUITE 402
131 WEST WILSON STREET
MADISON, WISCONSIN 53703
(608) 266-2818
FAX (608) 267-0410

January 12, 1999

Senator Gary R. George and
Representative Carol Kelso, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

Dear Senator George and Representative Kelso:

We have completed an evaluation of the Community Youth and Family Aids Program, commonly referred to as the Youth Aids program. Youth Aids is the State's primary means of providing counties with direct assistance to fund county juvenile delinquency services. In 1997, the program funded 45.4 percent of the \$181.4 million counties spent on juvenile delinquency services.

Because total juvenile delinquency expenditures statewide have increased at a faster rate than Youth Aids funding, the percentage of juvenile delinquency service costs funded by Youth Aids has fallen over time. In addition, because the formula used to allocate most Youth Aids funding has not been modified or updated since 1981, state-provided county funding has become less connected to need. If the same formula were used with more current data, the distribution pattern would change: funding would increase for 14 counties and decrease for the other 58.

An increasing portion of county Youth Aids allocations is being spent on correctional costs. From 1992 to 1998, the daily rate counties were charged for sending youth to state-operated juvenile correctional institutions increased 42.5 percent, from \$108.75 to \$154.94, in response to increasing operational costs, the addition of specialized institutions, and declining juvenile populations.

Based on concerns about increases in juvenile delinquency costs, the Legislature has, in recent years, taken steps to assist counties by: 1) increasing the State's responsibility for paying juvenile delinquency costs, and 2) creating less-costly alternatives to out-of-home placements, especially juvenile correctional institutions. To date, however, these initiatives have had limited financial success for counties. We include alternatives the Legislature may wish to consider in addressing county concerns about Youth Aids funding.

We appreciate the courtesy and cooperation extended to us by the Department of Corrections. The Department's response is Appendix III.

Respectfully submitted,

Janice Mueller
State Auditor

JM/PS/a

SUMMARY

The Community Youth and Family Aids Program, commonly referred to as Youth Aids, is the State's primary means of providing counties with direct assistance to fund their juvenile delinquency costs. In calendar year 1997, the Youth Aids program funded 45.4 percent of the \$181.4 million that counties spent on juvenile delinquency services. Counties supplement their Youth Aids allocation with state Community Aids funds, local tax revenue, and grants received from public and private organizations.

Before the Youth Aids program was implemented in 1981, the State paid for all costs associated with juvenile correctional institutions (JCIs), and each county paid for its other juvenile delinquency programs, primarily with funding from state-provided Community Aids and county property tax revenue. Some were concerned that this system created a financial incentive for counties to place juveniles in JCIs when less-restrictive settings might be more appropriate. As a result, the Youth Aids program was created to require counties to assume primary financial responsibility for all juvenile delinquency services, including JCI costs.

County officials have raised concerns about the extent to which state Youth Aids funds are adequate to cover the cost of juvenile delinquency services and have questioned why daily rates at the state-operated JCIs have increased during a time of decreasing average daily JCI populations. Conversely, some legislators and state officials have questioned whether counties are making adequate use of programs the State developed to reduce county juvenile delinquency expenditures.

The Juvenile Justice Code, which was revised in 1996, defines a juvenile delinquent as a youth who is at least 10 years old but younger than 17 years old and who a judge has determined has violated state or federal criminal law. The 1996 code revisions require judges and social workers to employ a "balanced approach" in dealing with these juveniles, placing equal weight on three factors in making treatment and placement decisions: community safety, offender accountability, and offender treatment and rehabilitation. This policy was, to some extent, the result of concern over increases in juvenile crime in recent years.

Juvenile delinquency services are provided at both the county and state levels; consequently, responsibility for them is shared by juveniles' counties of residence and the Department of Corrections. Primary supervisory and financial responsibility for most delinquents lies with counties. Court orders for juveniles found to be delinquent can be broadly grouped into two categories: in-home and out-of-home dispositions. In-home dispositions may include requirements that juveniles attend anger-

management classes or receive treatment for alcohol or other drug dependencies. Out-of-home dispositions are typically ordered for juveniles on the basis of the severity of the offense committed, the frequency with which offenses are committed, or the lack of a suitable home environment.

Between 1992 and 1997, county costs for juvenile delinquency services provided through in-home dispositions increased by 53.6 percent, from \$33.8 million to \$51.9 million. However, the number of juveniles served through in-home dispositions increased by only 1.3 percent over this period. County costs for juvenile delinquency services provided through out-of-home dispositions also increased, from \$89.0 to \$129.5 million, or by 45.5 percent. Causes of this increase include both an increased number of placements and increased costs associated with providing out-of-home services.

In 1982, the first year for which data are available, counties spent \$4.7 million more for delinquency services than was provided through the Youth Aids program, or 8.3 percent of the total cost of delinquency services provided in that year. Over time, as expenditures have increased at a faster rate than Youth Aids funding, the State has paid directly for a smaller portion of the total cost of juvenile delinquency services. In 1992, the Youth Aids program directly paid for 64.7 percent of the cost to counties for juvenile delinquency services; as noted, by 1997, the Youth Aid's share had dropped to 45.4 percent. As a result, Youth Aids funding is no longer sufficient to cover all out-of-home placement costs statewide. In 1997, total out-of-home placement costs paid by all counties exceeded the total Youth Aids appropriation by 57.4 percent; therefore, counties were required to contribute \$47.2 million from other sources to cover these costs. Only 18 counties were able to cover their 1997 out-of-home placement costs exclusively with Youth Aids funds. In 1992, 42 counties had been able to cover these costs.

Base Youth Aids funding is allocated to counties using a statutory three-factor formula that was developed in 1981 and includes county data from the late 1970s for juvenile population, juvenile arrests, and JCI placements. Since its development, the formula has not been changed or updated with more current data. However, changes in crime statistics, use of JCIs, and other factors have resulted in substantial changes to individual counties' funding requirements. As a result, with each passing year the amounts allocated to counties become less connected to their needs as determined when initial allocations were made.

We compared each county's actual 1998 allocation to the allocation it would have received had the formula included more current data. We found that updating the Youth Aids funding formula would result in several counties gaining funding, including five that would gain over 25 percent. Milwaukee County would gain the most, receiving an additional \$13 million, or 43.6 percent. Analyses conducted by the

Juvenile Justice Study Committee, which was created by the Governor and the Legislature in 1994 to study the effectiveness of statutory changes related to juvenile crime, also concluded that county Youth Aids allocations may not accurately reflect current needs for juvenile delinquency services. The Legislature may wish to re-evaluate Youth Aids funding allocations, and we include a number of options for its consideration in evaluating any potential change.

It is important to note that the Wisconsin Counties Association and several county officials with whom we spoke only support reallocating Youth Aids funds if all counties are guaranteed not to lose funding. However, mitigating the negative effects of reallocation would be costly. For example, we estimate the State would need to spend at least \$9.1 million to avoid funding reductions to any counties under allocations made using more current data in the existing Youth Aids formula.

Another issue of concern to counties is the rate charged by the State for JCI placement. In recent years, the daily rate counties pay has risen rapidly as a result of increasing operational costs, which include inflationary and wage-related cost of living increases, the addition of specialized institutions, and declining juvenile populations. This daily rate is based on estimates of two factors: total juvenile correctional costs, which include the operating budgets for the JCIs and a portion of the Division of Juvenile Corrections' central office budget, and the average daily population at all six JCIs. Dividing the estimated costs by the estimated average daily population in the six institutions yields the daily rate per juvenile, which has increased from \$108.75 in 1992 to \$154.94 in 1998, or 42.5 percent in that period.

Although individual counties can reduce their costs by sending fewer juveniles to JCIs, a lower average daily population may increase the daily rate because many of the cost factors on which it is based, such as maintenance, administration, and security, are fixed. Consequently, if these fixed costs are spread over fewer juveniles, the daily rate increases.

In addition, two developments are likely to increase the daily rate during fiscal year (FY) 1999-2000. First, a facility in Prairie du Chien that was intended for juveniles but has been housing adult offenders is scheduled to return to JCI status and be included in daily rate calculations beginning July 1, 1999. The Legislative Fiscal Bureau has estimated that if this facility had been operated as a JCI during FY 1998-99, the JCI daily rate would have been approximately \$23 higher in the current fiscal year. Second, the opening of an annex to the Southern Oaks Girls School, beginning in December 1998, is likely to have a noticeable effect on the daily rate in FY 1999-2000. Operating this addition calls for an additional 59 positions, which the Legislature has already authorized.

Given increases in county costs for JCI placements, some legislators and county officials have asked whether strategies exist to reduce daily rate charges, or at least to limit future increases in the daily rate. A number of options have been suggested, including:

- reducing total JCI operating expenditures by eliminating high-cost or specialized JCIs;
- shifting JCI costs to other funding sources; and
- expanding the use of third-party funding sources, such as child support or parental contributions.

However, the extent to which any of these options could mitigate increases is likely to vary substantially.

Based on concerns regarding increases in juvenile delinquency costs, and particularly the cost of out-of-home placements, the Legislature has taken steps in recent years to assist counties. Legislative initiatives have focused on two main strategies: 1) increasing the State's responsibility for paying juvenile delinquency costs, and 2) creating alternatives to existing out-of-home placements that are less costly.

The Legislature created the Violent Offender Program and its successor, the Serious Juvenile Offender Program, to fund the treatment of juveniles who commit specified serious offenses and whose treatment had previously been funded by the counties. However, to date, these programs have not been an effective source of financial relief for counties because placements have been lower than expected and because they were funded, in part, through reductions in county Youth Aids allocations. We estimate these programs have resulted in a net decrease of \$3.9 million in state aid to counties for juvenile delinquency services between January 1995 and June 1998.

One possible reason for low placement in the Serious Juvenile Offender Program has been apparent confusion about its constitutionality among county circuit court judges and district attorneys. A July 1998 State Supreme Court ruling prohibits the incarceration of juveniles in adult institutions without benefit of jury trials, and jury trials are no longer granted under the Juvenile Justice Code implemented in 1996. In the three-month period following the ruling, only seven juveniles were placed in the Serious Juvenile Offender Program; corrections staff indicate this represents a 61 percent decrease from expected placement rates.

We also found no evidence to suggest that statutory changes allowing older juveniles to be transferred to the jurisdiction of adult criminal courts decreased JCI operating costs, although without the diversion of older juveniles to adult courts, JCI operating costs may have been even higher.

The Legislature has also created two programs—Corrective Sanctions and the Intensive Supervision Program—to increase the number and type of in-home treatment options counties have available in making juvenile disposition decisions. By shortening the length of out-of-home stays for some juveniles, and diverting other juveniles from out-of-home to in-home dispositions, both programs have reduced the cost of treating individual juvenile delinquents while still addressing community safety concerns. However, even though both programs have met with some financial success, some concerns remain about how best to determine program capacities and caseload guidelines, especially for Corrective Sanctions.

The Department's Corrective Sanctions Program—a community-based alternative to remaining in a JCI—provides services to juveniles at a rate of \$80.41 per juvenile per day; counties pay approximately 30 percent of this cost, and the State pays approximately 70 percent. In comparison, the daily rate for a juvenile correctional placement is \$154.94 per juvenile per day. It is possible, therefore, for a county to serve six juveniles per day in Corrective Sanctions for each juvenile placed in a JCI. Because the program's financial benefits to counties increase with each juvenile placed in the program, it is important that the program operate at full capacity as much as possible. However, as of December 1998, the program was not operating at its capacity.

The Legislature established a second means of assisting counties in reducing out-of-home placement costs by formalizing guidelines for county-operated intensive supervision programs. While these programs vary somewhat from county to county, their intended purpose is to meet the treatment needs of juveniles judged eligible for the program while reducing the number of out-of-home placements. By providing eligible juveniles with intensive services and supervision while keeping them in their communities, counties can reduce out-of-home placement expenditures for individual juveniles.

Corrections officials state that they are continuing efforts to assist and encourage counties to develop intensive supervision programs because of their proven success. To that end, the Department is hiring a program coordinator to help counties understand the benefits of intensive supervision programs, coordinate information-sharing among counties, inform juvenile court judges about program benefits, and assist counties in establishing their own programs.

INTRODUCTION

Increases in juvenile crime and its associated costs have raised questions about the extent to which the State's Community Youth and Family Aids Program effectively addresses county needs. The program, commonly referred to as Youth Aids, is the State's primary means of providing direct financial assistance to counties for juvenile delinquency services. It was established by Chapter 34, Laws of 1979 and implemented statewide on January 1, 1981, to:

- assist counties in covering the costs of both in-home services and out-of-home placements for juveniles found delinquent;
- reduce the number of individuals in juvenile correctional institutions (JCI) who could be served in community-based programs, by eliminating any fiscal incentive for counties to place juveniles in these institutions; and
- improve the quality and range of appropriate community-based delinquency services.

In 1997, Youth Aids funded 45.4 percent of county juvenile delinquency expenditures.

The Youth Aids program provides each county with an annual allocation, consisting largely of general purpose revenue (GPR), that counties use to pay for juvenile delinquency services. In 1997, the program funded 45.4 percent, or \$82.3 million, of the \$181.4 million county human and social services departments reported spending on juvenile delinquency services. Many counties supplement their Youth Aids allocation with state Community Aids funds, local property tax revenue, and grants from public and private organizations. The State pays for all capital costs associated with construction and structural modification of JCIs, which totaled approximately \$5.3 million for fiscal year (FY) 1996-97 and FY 1997-98.

County officials have raised concerns over the extent to which state Youth Aids funds have been adequate in covering the cost of juvenile delinquency services and have questioned why the daily rate they are charged for juvenile correctional services has increased with decreasing populations at the state-operated JCIs. Conversely, some legislators and state officials have raised questions about whether counties have made effective use of state-developed programs intended to limit county juvenile delinquency expenditures. Therefore, to address these concerns, we analyzed:

- recent trends in state and county expenditures for juvenile delinquency services;
- the formula used to allocate Youth Aids funds among counties, and the relationship between initial and current allocation amounts;
- the mechanism used to pay for JCI operating costs, and how well this mechanism approximates actual costs; and
- how current and projected county expenditures will be affected by recent legislative changes in the Juvenile Justice Code and recently developed programs to provide less-expensive juvenile delinquency services.

In conducting our evaluation, we reviewed the statutorily established purpose of the Youth Aids program and analyzed available program and financial data, including trends in juvenile crime and delinquency-related service costs. We interviewed staff of the Department of Corrections, which operates both JCIs and adult correctional institutions; county officials; and county circuit court judges. In addition, we visited JCIs and interviewed administrators and staff responsible for providing services at these institutions.

Provision of Juvenile Delinquency Services

The new Juvenile Justice Code expanded court options for addressing delinquent behavior.

Chapter 938, Wis. Stats., known as the Juvenile Justice Code, defines a juvenile delinquent as a youth who is at least 10 years old but younger than 17 years old and who a judge has determined has violated any state or federal criminal law. The Juvenile Justice Code was created by 1995 Wisconsin Act 77 primarily to separate the statutes related to juvenile delinquency from the rest of the Children’s Code, which deals with abuse and neglect of children, and to expand the options available to judges for addressing delinquent behavior. Before the new Juvenile Justice Code took effect in 1996, judges and county social services workers had limited disposition options because they were required to choose the least-restrictive placement option that would meet a juvenile’s treatment needs. Current law expands these options by emphasizing a balanced approach that requires equal weight to be placed on three factors when making disposition decisions: community safety, offender accountability, and offender treatment and rehabilitation.

Primary funding responsibility for most juvenile delinquents lies with counties.

Most juveniles are tried in juvenile courts, and primary financial responsibility for most delinquents lies with counties. Juvenile cases may be waived to adult court if the juvenile is at least 15 years old, or younger if charges include specified violent offenses, such as rape or manslaughter. In these cases, the State is financially responsible for an adult corrections sentence.

Courts may order in-home or out-of-home treatment for juvenile delinquents.

A juvenile typically appears before a county circuit court judge who—with information regarding the youth’s background and circumstances supplied by county social services staff, legal counsel for the county and the juvenile, and law enforcement representatives—determines whether the juvenile should be found delinquent and orders various types of treatment and services under juvenile delinquency dispositions. Juvenile dispositions differ from adult sentences in that they generally include more treatment components and may be altered or extended through subsequent court action. Statutes include over 30 juvenile disposition options, including both in-home and out-of-home dispositions. Typically, juvenile delinquents may be required to undergo counseling, make restitution to the victims of their actions, and/or be placed in an out-of-home setting for treatment and counseling.

In-home dispositions can range from minimal supervision—such as requirements that a juvenile living at home attend a weekly therapy session—to extensive supervision using an electronic monitoring device to constantly track the juvenile’s location. All juvenile delinquents with in-home dispositions remain under the direct supervision of their counties of residence, and county officials are responsible for making decisions about their treatment. Services for juveniles with in-home dispositions may include family counseling, anger-management classes, victim-offender mediation programs, or vocational training. These services are generally delivered through a combination of public and private providers.

Out-of-home dispositions include five types of placements. From least to most restrictive, they are:

- foster homes, in which a licensed adult cares for up to four juveniles;
- treatment foster homes, in which up to four juveniles are cared for and provided with structured, professional treatment by trained staff, including their foster parents;
- group homes, which are facilities licensed to provide care and treatment for five to eight juveniles;

- child caring institutions, which are facilities that provide care and treatment to more than eight juveniles; and
- JCI, which are secure facilities operated by the State.

Out-of-home treatment typically includes many of the same types of therapy and counseling provided to juveniles with in-home dispositions. Juveniles in foster homes and group homes attend community schools, while juveniles in child caring institutions and JCIs attend school at the institution. After they are released from their initial out-of-home placements, juveniles may receive follow-up treatment in either in-home or other out-of-home settings. Reasons for out-of-home placement are typically the serious nature of the juvenile’s offense, the frequency with which offenses are committed, or the lack of a suitable home environment, all of which make a more structured environment more likely to result in successful rehabilitation. As with in-home services, most out-of-home services are provided through a combination of for-profit and not-for-profit providers. JCIs, however, are all state-operated facilities.

Juveniles placed in JCIs become the supervisory responsibility of the State.

Although most juveniles with out-of-home dispositions remain under the direct supervision of their counties of residence, those placed in JCIs become the supervisory responsibility of the State through the Department of Corrections. County officials have the opportunity to make recommendations, but ultimately the Department makes placement and transfer decisions for these juveniles, subject to county appeal. Most post-JCI services, known as aftercare, are also supervised by staff from the Department of Corrections, which maintains supervisory responsibility for juveniles released from JCIs for the length of their disposition orders and, with recommendations from county officials, makes all subsequent placement and transfer decisions. Services for juveniles who have been released from other out-of-home settings are supervised by counties. Both the Department’s and the counties’ goal in providing post-placement services is ensuring the continuation of community safety, offender accountability, and offender treatment and rehabilitation.

Trends in Juvenile Crime and Delinquency Costs

The creation of the Juvenile Justice Code was, to some extent, a result of concerns over recent increases in juvenile crime. As shown in Table 1, from 1991 through 1996, juvenile arrests in Wisconsin increased 38.1 percent. Juvenile arrests for serious criminal offenses, such as assault, burglary, and aggravated assault, increased by 4.1 percent over this period, while juvenile arrests for other criminal offenses, such as

Table 1

Wisconsin Juvenile Arrest Trends

<u>Arrest by Type of Offense</u>	<u>1991</u>	<u>1996</u>	<u>Percentage Change</u>
Serious criminal offenses	30,400	31,636	4.1%
Other criminal offenses	45,922	77,875	69.6
Status offenses*	<u>28,469</u>	<u>35,197</u>	23.6
Total	104,791	144,708	38.1

* Includes offenses that are illegal only if the individual is under a specified age, such as curfew violations and underage drinking.

From 1991 through 1997, county juvenile delinquency expenditures increased 60 percent.

trespassing, vandalism, and forgery, increased by 69.6 percent. However, more recent data indicate a decline of 6.5 percent in serious criminal offense arrests for juveniles between 1996 and 1997, although other criminal offense arrests increased by 2.1 percent during the same period.

Although not all juveniles arrested are judged delinquent by a juvenile court, given overall increases in juvenile arrests it is not surprising that expenditures associated with providing services to delinquents have also increased. Reported spending by counties for delinquency-related services, including prevention and early intervention programs, increased by 60 percent from 1991 through 1997, or from \$113.4 million to \$181.4 million.

In analyzing juvenile delinquency costs more fully, we focused on trends from 1992 through 1997. During this period, county costs for juvenile delinquency services provided through in-home dispositions increased from \$33.8 million to \$51.9 million. Yet despite a 53.6 percent increase in county expenditures, the number of juveniles served through in-home disposition options increased by only 1.3 percent, indicating an increase in either the cost or the amount of services provided to each juvenile. Corrections officials believe it could also be because of inconsistent reporting by counties.

Out-of-home disposition costs represented 71.4 percent of 1997 county expenditures.

The county costs for out-of-home dispositions also increased from 1992 through 1997, from \$89.0 million to \$129.5 million. As shown in Table 2, the increase in county expenditures can be attributed both to an increasing number of out-of-home placements and to increased costs associated with these services. Although counties' out-of-home placement costs represented 71.4 percent of all county juvenile delinquency costs in 1997, most juveniles were served through in-home, rather than out-of-home, placements. In fact, the number of juveniles served in out-of-home settings represents, at most, approximately 18 percent of those served.

The rising costs associated with the treatment of juvenile delinquents, especially in out-of-home placements, has raised concerns among counties, which are responsible for covering these costs.

Table 2

**Changes in the Number of County Out-of-Home Placements and
County Expenditures**
(expenditures in millions)

Placement Type	1992 Placements	1992 Expenditures	1997 Placements	1997 Expenditures	Percentage Change in Placements	Percentage Change in Expenditures
Foster Home and Group Home*	2,093	\$29.4	2,907	\$ 45.9	38.9%	56.1%
Child Caring Institution	1,323	32.1	1,585	43.3	19.8	34.9
JCI	<u>1,661</u>	<u>27.5</u>	<u>1,829**</u>	<u>40.3</u>	10.1	46.5
Total	5,077	\$89.0	6,321	\$129.5	24.5	45.5

* County-reported data do not separate expenditures for foster homes and group homes.

** Total JCI placements for 1997 were 2,050. This figure includes juveniles paid for by the state rather than by counties.

FUNDING DELINQUENCY SERVICES

Because state-funded Youth Aids have not kept pace with rising costs or demands for juvenile delinquency services, and because counties have had to pay an increasing share of juvenile delinquency costs with funds other than Youth Aids, counties have raised concerns about the adequacy of Youth Aids funding. In addition, because the Youth Aids base allocation formula—which uses data from the late 1970s for each county’s juvenile population, juvenile arrests, and average JCI placements—has never been revised or updated, state aid for juvenile delinquency programs is becoming increasingly less reflective of county needs as determined by this formula, and inequities among counties have developed.

Changes in Youth Aids Funding

Before the Youth Aids program was established, the State paid for all costs associated with JCIs.

As noted, before the Youth Aids program was implemented in 1981, the State paid all costs associated with JCIs and each county funded all other juvenile delinquency programs, primarily with state-provided Community Aids and county property tax revenue. Legislators and others were concerned that this system created a financial incentive for counties to place juveniles in JCIs at the State’s expense, even when less-restrictive settings were more appropriate. The Youth Aids program therefore provided counties with direct state aid to pay for juvenile delinquency costs and required counties to assume primary financial responsibility for these costs, including the costs of JCIs. By statute, court-mandated services—including out-of-home placements—must be paid first, leaving any additional funding for other, community-based delinquency services such as prevention and early intervention. Because Youth Aids funding has increased at a slower rate than juvenile delinquency costs, counties have had either to rely on other funding sources or to reduce services to meet their increased funding responsibilities.

Youth Aids was not intended to supplant county spending for delinquency services.

In establishing funding for Youth Aids, the Legislature considered two factors. First, it included funding sufficient to cover all projected county JCI placements in 1980, as well as the cost of some additional juvenile delinquency services. Second, to ensure that Youth Aids funds would not supplant prior county spending from Community Aids and county property tax revenue, the Legislature required county spending for juvenile delinquency services be at least equal to 1979 levels of approximately \$26.1 million.

The proportion of county juvenile delinquency expenditures paid by Youth Aids has decreased.

In 1982, the first year for which data are available, counties spent \$4.7 million, or 8.3 percent, more for delinquency services than the Youth Aids program provided. Over the years, this county proportion of expenditures has increased as the State proportion of expenditures has decreased. As shown in Table 3, the percentage of all county juvenile delinquency expenditures paid by Youth Aids has decreased each year since 1992, when Youth Aids covered 64.7 percent of all county juvenile delinquency costs. By 1997, the Youth Aids program funded 45.4 percent of the \$181.4 million that counties spent on juvenile delinquency services. Appendix I provides a comparison of Youth Aids allocations and total county expenditures for 1992 and 1997.

Table 3

County Juvenile Delinquency Expenditures
(in millions)

<u>Year</u>	<u>County In-Home Expenditures</u>	<u>County Out-of-Home Expenditures</u>	<u>Total County Juvenile Delinquency Expenditures</u>	<u>State Youth Aids Allocation</u>	<u>Percentage of County Expenditures Covered by Youth Aids</u>
1992	\$33.8	\$ 89.0	\$122.8	\$79.5	64.7%
1993	40.1	93.8	133.9	80.3	60.0
1994	39.3	107.3	146.6	83.3	56.8
1995	46.6	116.6	163.2	85.7	52.5
1996	48.4	121.3	169.7	80.5	47.4
1997	51.9	129.5	181.4	82.3	45.4

Note: Since 1995, the State has directly spent an average of \$10.2 million in support of juvenile delinquency services in addition to the funds provided to counties through Youth Aids.

Youth Aids is no longer sufficient to cover all out-of-home placement expenditures.

Data from 1982, 1983, and 1984 show that statewide, all county out-of-home placement expenditures were covered by the Youth Aids program in these years, and county expenditures in excess of the Youth Aids program were spent on community-based services. However, increases in the number and cost of out-of-home placements, combined with a decreased proportion of state funding for total delinquency services, have meant that Youth Aids funding is no longer sufficient to cover county out-of-home placement expenditures statewide.

The number of counties affected by the increase in out-of-home placement expenditures relative to their Youth Aids allocations has increased. For example, in 1992, a total of 9 counties had at least 50 percent of their Youth Aids funds remaining after paying all out-of-home placement costs; by 1997, that number had dropped to 6 counties. Moreover, in 1992, a total of 42 counties were able to cover all out-of-home placement costs exclusively with Youth Aids funds; by 1997, only 18 counties were able to cover these costs with Youth Aids funds.

Other state aid programs have not compensated for the decreased proportion of state funding for juvenile delinquency services. For example, another means by which the State provides funding to counties is the Community Aids appropriation, which counties may use for a variety of social service programs. However, from FY 1991-92 through FY 1996-97, the budgeted appropriation for Community Aids increased by 2.0 percent, from \$202.6 million to \$206.7 million. Therefore, some counties now report that in order to fund all needed out-of-home placements, they have had to develop new funding sources and reduce the number and capacity of in-home delinquency prevention and early intervention services.

The extent to which counties have found it necessary to develop new funding sources for juvenile delinquency costs has varied from county to county. Several county officials with whom we spoke indicated that they were able to maintain the current level of services provided to juveniles only with the aid of grant funds. For example, Milwaukee County was awarded a five-year, \$15 million federal grant in 1995 to assist it in providing specialized in-home services to severely emotionally disturbed youth. However, Milwaukee County officials are concerned that they will not be able to continue the program when grant funds are exhausted because the county's budget for juvenile delinquency services is insufficient to address existing needs.

Counties have reduced or eliminated some delinquency services.

When grants are not available and counties are unable or unwilling to provide additional property tax revenue to fund juvenile delinquency services, either the amount or the type of services that counties provide must change. For example, Bayfield County officials reported that existing funding levels are insufficient for continued counseling and other services to families requesting assistance with disruptive juveniles who may be engaging in delinquent activities. Similarly, Manitowoc County reported needing to eliminate some funding for its mentoring and counseling services.

County officials also contend that a lack of financial resources has prevented them from developing or funding new programs intended to prevent the development of delinquent behavior. Such programs include a proposed community-based program in Milwaukee County intended to prevent weapon- and drug-related offenses by juveniles, and a cooperative program between Lafayette County and local school districts.

County officials contend that such programs would save money in the long run by limiting the need for spending on higher-cost delinquency services.

Method of Allocating Youth Aids

Some counties' difficulties in meeting increasing juvenile delinquency program costs have raised questions about whether state funds continue to be allocated in a manner that most effectively and equitably addresses the need for delinquency services. To determine whether funds are being allocated based on documented levels of need, we analyzed the method used to allocate Youth Aids to counties.

Initial Youth Aids Allocations

Chapter 34, Laws of 1979, established a two-step formula for allocating Youth Aids funding. Under this formula, a calculation was first made to determine each county's need based upon an average percentage of three equally weighted factors:

- a county's percentage of all Wisconsin youth under age 18 in 1980;
- a county's percentage of total juvenile arrests for specified serious offenses—including murder, armed robbery, forcible rape, and motor vehicle theft—between 1975 and 1978; and
- a county's percentage of total JCI placements between 1975 and 1978.

JCI placements were a primary factor in determining initial Youth Aids allocations.

Because JCI placements were judged to be the strongest indication of county need, the initial measure of need—the three-factor measure—was then compared to each county's percentage of total JCI placements alone. If a county's percentage of total JCI placements was found to be similar to its average percentage for all three factors, then the initial measure was used in determining its Youth Aids allocation. However, if these two measures were not similar, the allocation was modified through a second step in the formula, which was intended to more closely reflect need based upon the county's percentage of total JCI placements. This modification provided that no county received less than 93 percent nor more than 115 percent of the amount of funding that would have been allocated had its percentage of total JCI placements been the only factor used in allocating funds. Application of this second step to the 1981 county Youth Aids allocations resulted in increased funding for 28 counties and decreased funding for 31 counties.

In 1981, \$25.5 million of the \$51.6 million in initial Youth Aids funding was allocated by this two-step formula. The remaining \$26.1 million was transferred from the Community Aids appropriation, which had been the primary source of county funding for delinquency services prior to 1981, and was allocated on the basis of what each county had been spending on these services. Combined, these amounts became each county's Youth Aids base funding. Base funding amounts have been increased each biennium since 1981 to help address the increasing cost of providing services. It should be noted, however, that automatic increases to the base as a result of increases in the JCI daily rate were discontinued in 1996. Every year counties also receive supplements to their base funding, such as additional funding for alcohol and other drug abuse programs. These supplemental funds, however, have not become part of a counties' base funding, and similar funding levels are not guaranteed from year to year. In 1998, base funding represented 90 percent of total Youths Aids allocations, while supplemental funds made up the remaining 10 percent.

The Youth Aids allocation formula has never been updated using more current data.

The formula that was first applied in 1981 has never been revised to change the factors used to measure county need; more important, the formula has never been re-applied to the base funding allocations using updated data for the three factors. Consequently, the proportional share of total Youth Aids funding received by each county has been virtually unchanged for more than 15 years. For all counties other than Milwaukee, it varied by less than 0.6 percentage points between 1982 and 1997. Milwaukee County's share of total Youth Aids funding increased by 3.1 percentage points during the same period, in part because the state-provided supplemental funds to counties are not tied to the original allocation methodology, and Milwaukee was judged to have greater needs relative to other counties when these supplemental funds were allocated.

Modifying the Allocation Formula

Since 1994, two studies have recommended that the Youth Aids formula be changed in response to changing county needs. The first was completed in 1995 by the Juvenile Justice Study Committee, which the Governor and the Legislature created in 1994 to study the effectiveness of the Children's Code and examine related issues. The second was completed by the Department of Corrections as part of the analyses done in preparation for the transfer of juvenile corrections from the former Department of Health and Social Services to the Department of Corrections in 1996.

Instead of suggesting a single revision for the Youth Aids allocation formula, the Juvenile Justice Study Committee recommended the factors to be included in a revised formula. These included county demographic data that would be updated biennially and data on both first-time and repeat offenders, as well as information on each county's juvenile arrests

**Modifying the Youth
Aids formula would shift
funding among counties.**

and number of JCI placements. The committee tested the effects of approximately 40 different formula revisions on each county.

When we analyzed the 15 Juvenile Justice Study Committee proposals for which there are complete data, we found that differing groups of counties would gain or lose funding depending on how the formula was revised. However, one group of five counties—Fond du Lac, Forest, Manitowoc, Racine, and Sheboygan—consistently gained funding. Another group, including 4 urban and 15 rural counties—Kenosha, Saint Croix, Waukesha, and Wood, together with Adams, Barron, Burnett, Clark, Douglas, Iron, Marinette, Menominee, Monroe, Oconto, Oneida, Pierce, Shawano, Washburn, and Waushara—consistently lost funding. This suggests that currently, 5 counties are likely to be under-funded regardless of the weighting relevant criteria are given in determining the level of need, while 19 counties are likely to be receiving somewhat more funding than their current proportional needs would warrant. The amount that each county was either over- or under-funded varied greatly depending upon which of the 15 proposals was analyzed.

The Department of Corrections recommended the Legislature develop a new Youth Aids allocation formula based equally on juvenile arrest rates for serious crimes and reported crime data on serious offenses by both juveniles and adults. The Department of Corrections also recommended its proposed formula apply only to future increases to the Youth Aids allocation. This would prevent any county from losing funding because of the proposal. The Department did not analyze this proposal to determine its future fiscal effect on each county.

The Legislature did not modify the existing Youth Aids allocation formula following either the Juvenile Justice Study Committee's report or the Department of Corrections' study, in part because of concerns about how best to address some counties' loss of funding. However, because the formula has never been re-applied to use more recent data that reflect changes in county juvenile populations, arrests, and JCI placements, with each passing year the amounts that are allocated to counties become less connected to the three factors established by the Legislature to determine county need.

Using a methodology comparable to the one used in 1981, when the program was created, we applied the existing formula to update the Youth Aids allocations based on the most recent data available, which are for the 1995 Youth Aids allocation. We then applied these updated allocation percentages to 1998 allocations to estimate how current funding allocations would change. The application of the second step in the Youth Aids formula necessitated additional funding for counties with relatively high percentages of total JCI placements, which resulted in an increase of approximately \$6.0 million to the total funds allocated. Table 4 shows the five counties that would gain the greatest percentage of funding, as well as the five counties that would lose the greatest percentage of funding if

Table 4

**Counties That Would Be Most Affected if Updated Data
Were Used in Determining 1998 Youth Aids Allocation Amounts**

	<u>Current 1998 Allocation</u>	<u>Revised 1998 Allocation</u>	<u>Amount of Gain/(Loss)</u>	<u>Percentage Change</u>
Counties Gaining Funding				
Milwaukee	\$29,907,705	\$42,953,743	\$13,046,038	43.6%
Trempealeau	122,892	173,093	50,201	40.8
Racine	4,059,642	5,440,058	1,380,416	34.0
Forest	71,140	92,418	21,278	29.9
Pepin	62,372	78,539	16,167	25.9
Counties Losing Funding				
Menominee	\$506,210	\$206,281	\$(299,929)	(59.2)%
Clark	483,719	205,755	(277,964)	(57.5)
Rusk	227,908	105,910	(121,998)	(53.5)
Iron	46,249	22,956	(23,293)	(50.4)
Saint Croix	583,263	305,057	(278,206)	(47.7)

the revised formula were applied to 1998 Youth Aids allocations. The estimated effects on every county are presented in Appendix II.

If the formula first used to allocate Youth Aids funds in 1981 is accepted as a good measure of county need, then our updated analysis and the findings of the Juvenile Justice Study Committee raise serious concerns about the equity of current county allocations and their ability to address existing needs. Many believe that if the data were updated, the original three factors would still be the most appropriate factors upon which to base Youth Aids allocations. However, others argue that these factors are not the most appropriate because:

- the population factor places equal weight on all juveniles, rather than giving greater weight to certain high-risk juveniles, such as those in poverty;
- the arrest factor is based upon total arrests, rather than on arrest rates, which may be a more effective way of addressing the needs of small counties with fewer total arrests but high rates of arrests; and
- the JCI factor does not reflect counties that may have high placements, and therefore high costs, in out-of-home categories other than JCI placements.

Preventing any counties from losing funding under a formula update could cost \$9.1 million.

Based upon the analysis estimating how county Youth Aids allocations for 1998 would be affected by re-applying the existing formula using updated data, the Legislature may wish to consider reallocating Youth Aids funding. However, the Wisconsin Counties Association and a number of county officials with whom we spoke only support reallocation initiatives if all counties are guaranteed not to lose funding. Attempts to limit the negative effects of reallocation would be costly. For example, in addition to the approximately \$6.0 million needed to fund re-application of the formula as described earlier, efforts to avoid funding reductions for the 58 counties that would lose funding if the existing formula were applied using updated data would have cost the State an additional \$9.1 million in 1998. Such added costs could be limited if county losses were mitigated rather than completely prevented. For example, ensuring counties would lose no more than 20 percent of their existing funding under the re-application described earlier would require approximately \$3.4 million in additional state funding, rather than \$9.1 million.

However, before any changes are implemented, significant questions will need to be considered, including:

- whether the funding changes made since the program's creation, such as the addition of supplemental funding and the change in juvenile justice philosophy, have reduced the appropriateness or necessity of the Youth Aids formula factors used in 1981;
- whether the most appropriate and equitable means for distributing Youth Aids funding is to employ the 1981 formula and use more recent data in calculating how county allocations should be made, or whether it is better to select a new set of factors for judging county needs and allocating funds;
- whether counties should be protected to some extent from the negative effects of potential reallocation; and
- whether any process chosen to allocate funds should be applied routinely, perhaps on a biennial basis during the budget process, to ensure that the resources provided by the State continue to closely match criteria established by the Legislature.

PAYING CORRECTIONAL COSTS

An increasing portion of county Youth Aids allocations is being spent on correctional costs. Approximately 90 percent of these correctional costs consist of the operating expenses for the State's six JCIs, making JCI cost increases of particular concern to counties. The amount charged to counties for each juvenile sent to a JCI increased from \$108.75 per day in 1992 to \$154.94 in 1998, or by 42.5 percent. Counties fund JCI costs through the daily rates they pay to the Department of Corrections for each juvenile placed in a JCI. In recent years, as this daily rate has risen, county officials have questioned how well it approximates the actual costs of providing JCI services, whether it is possible for counties to benefit financially from sending fewer juveniles to JCIs, and whether options exist for limiting JCI daily rate increases.

Juvenile Correctional Services and Expenditures

Wisconsin operates six juvenile correctional institutions.

The State's six JCIs provide the courts and the Department with a variety of treatment services and program options for addressing the behavior of both male and female juvenile delinquents. As shown in Table 5, these JCIs are located throughout Wisconsin. Ethan Allen School, Lincoln Hills School, and Southern Oaks Girls School are more traditional facilities that house larger numbers of delinquents. While providing security and public protection, these facilities also provide certain mental health services, alcohol and other drug abuse treatment, health and medical care, schooling, and sex offender treatment to the juveniles placed there. The other three facilities serve much smaller numbers of juveniles and provide more specialized services:

- The Youth Leadership Training Center is based on a military model that emphasizes discipline, teamwork, education, physical fitness, and leadership in a strict military-style environment. The typical program lasts 18 weeks, followed by five months of intensive community supervision, of which daily monitoring is an important component.

Table 5

Juvenile Correctional Institutions

<u>Institution</u>	<u>Year Opened</u>	<u>Location</u>	<u>Juveniles Served</u>	<u>Average Daily Population FY 1996-97</u>	<u>Operating Expenditures FY 1996-97 (millions)</u>
Ethan Allen School	1959	Wales	Male	411	\$18.9
Lincoln Hills School	1970	Irma	Male	359	16.1
SPRITE	1978	Oregon	Male/Female	7	0.4
Southern Oaks Girls School	1994	Union Grove	Female	82	5.0
Mendota Juvenile Treatment Center*	1995	Madison	Male	41	2.5
Youth Leadership Training Center	1996	Camp Douglas	Male	35	2.5

* Average daily population for this facility includes female juveniles receiving mental health services at the Winnebago and Mendota Mental Health Institutes.

- Support, Perseverance, Respect, Initiative, Teamwork, and Education (SPRITE) is the smallest JCI and is substantially different from the others in that it involves both on-grounds and off-grounds program components. SPRITE provides experiential education that includes problem-solving exercises, wilderness expeditions, urban exploration, and community service. Its 28-day program for male and 8-day program for female juvenile delinquents is designed to develop independent living skills and responsibility and to teach the skills needed for successful return to the community.

- The Mendota Juvenile Treatment Center is operated by the Department of Health and Family Services in cooperation with the Department of Corrections. This 43-bed unit is designed to provide comprehensive clinical mental health assessment and treatment for the complex emotional and behavioral problems of male juveniles. The facility serves juveniles who have been placed at Ethan Allen or Lincoln Hills schools but are unable to function within the general population because of extensive clinical mental health needs. The goal of its programs is to provide specific mental health treatment that will enable juveniles to return successfully either to their communities or to the more traditional JCI environment. A small number of female juveniles receive short-term mental health services at either the Winnebago or the Mendota Mental Health Institute.

**Since FY 1991-92,
JCI-related expenditures
have increased from
\$26 million to \$50 million.**

As shown in Table 6, total juvenile corrections expenditures—which include JCI operating costs such as staffing costs for security and treatment services, the costs of providing basic services such as food and health care, and institutional maintenance, as well as administrative costs and some costs for services provided to juveniles after their release from JCIs—have increased from \$26.0 million in FY 1991-92 to \$50.0 million in FY 1997-98. The largest increase occurred in FY 1994-95, when total expenditures rose by 25.8 percent as a result of the opening of Southern Oaks Girls School and the need for additional staff and services to address a 19 percent increase in the average daily population at Ethan Allen School. During the period shown, the average daily population at the JCIs rose to a peak of 1,037 juveniles in FY 1995-96 and then decreased in both FY 1996-97 and FY 1997-98.

Table 6

Juvenile Corrections Expenditures
(in millions)

<u>Fiscal Year</u>	<u>Total Juvenile Corrections Expenditures</u>	<u>Percentage Change in Expenditures</u>	<u>Average Daily Population*</u>	<u>Percentage Change in Population</u>
1991-92	\$26.0	—	666	—
1992-93	29.0	11.5%	735	10.4%
1993-94	31.8	9.7	842	14.6
1994-95	40.0	25.8	977	16.0
1995-96	46.7	16.8	1,037	6.1
1996-97	50.2	7.5	950	(8.4)
1997-98	50.0	(0.4)	922	(2.9)

* Includes all juveniles under state correctional supervision who have been placed in one of the six JCIs.

Staffing costs represent the largest portion of JCI costs.

It was not possible to fully analyze the costs of different JCI services, because individual institutions' cost accounting systems were not uniform and did not permit costs to be grouped according to program areas, such as medical care or educational programs. However, as shown in Table 7, using data that were available for five of the six JCIs, we determined that staffing costs represented 81.8 percent of JCI expenditures in FY 1996-97. A review of comparable data showed a consistent percentage of staffing costs for each institution over a period of several years.

County officials are concerned that even though average daily populations have decreased at the JCIs, overall operating expenditures have not decreased significantly. Without more detailed cost data, however, it is difficult to determine whether JCIs have inefficiencies that could explain why operating costs have not decreased. Based on recommendations included in Legislative Audit Bureau report 97-18, which reviewed the Department of Corrections' adult corrections costs and its efforts to contract for corrections services, the Department has established uniform financial reporting procedures for eight cost categories, including education and training, security, and medical, at both adult institutions and JCIs, which will first be reflected in the FY 1998-99 annual fiscal report. With these data, more accurate cost comparisons among institutions for broad categories will be possible.

Table 7

FY 1996-97 JCI Staffing Costs
(in millions)

<u>Institution</u>	<u>JCI Operating Expenditures</u>	<u>JCI Staffing Costs</u>	<u>JCI Staffing Costs as a Percentage of Operating Expenditures</u>
Ethan Allen School	\$18.9	\$15.9	84.1%
Lincoln Hills School	16.1	13.3	82.6
Southern Oaks Girls School	5.0	3.7	74.0
Youth Leadership Training Center	2.5	1.9	76.0
SPRITE	<u>0.4</u>	<u>0.3</u>	75.0
Total	\$42.9*	\$35.1	81.8

* Mendota Juvenile Treatment Center's staffing costs could not be separated from its total expenditures.

Assessing Costs to Counties

To fund JCI operating costs, counties are charged a daily service rate, which is a blended rate that applies to all JCIs and is established in statutes. For counties, the advantages of a blended rate include greater predictability concerning JCI costs, regardless of the institution in which a juvenile is placed; if the State were to establish a separate rate structure for each JCI, counties would need to project expected placements at each institution, and unexpected placements in higher-cost institutions would have significantly greater effects on county budgets. A blended rate is also more likely to result in placement based on the security and treatment needs of the juvenile, rather than on the cost of placement. Finally, a blended rate simplifies the Department's billing and rate-setting process. However, county officials are concerned that:

- they may be overcharged for JCI placements;
- they are not benefiting financially by reducing their JCI placements; and
- current funding mechanisms may not provide an incentive for the Department to control its costs.

Daily Rate Assessments

The daily rate is based on projections of JCI-related costs and juvenile placements.

The daily rate counties are charged for JCI placements is approved by the Legislature during the biennial budget process. It is based on predictions of two factors: the Department of Corrections' estimate of total JCI-related costs, which includes the operating budgets for each JCI and some elements of the Division of Juvenile Corrections' central office budget, as well as the estimated average daily population at all six JCIs. Dividing estimated costs by the estimated average daily population yields an average cost per day, known as the daily rate, for each juvenile.

As shown in Table 8, the daily rate has increased by 42.5 percent from 1992 through 1998, from \$108.75 to \$154.94, although it declined by 6.6 percent from 1992 to 1993. Corrections officials attribute the decline to an estimated increase in the average daily population at the JCIs, which reduced the average daily charge per juvenile. Conversely, declines in the average daily population with steady or increasing JCI costs can cause the daily rate to increase as costs are spread among fewer juveniles.

Table 8

Statutory Daily Rate Charges for JCI Placements
(as set for July 1 of each year)

<u>Date</u>	<u>Daily Rate</u>	<u>Percentage Change</u>
1992	\$108.75	—
1993	101.55	(6.6)%
1994	111.73	10.0
1995	120.73	8.1
1996	133.82	10.8
1997	150.44	12.4
1998	154.94	3.0

County officials contend that the State's calculation of the daily rate is to their disadvantage, because even though individual counties can limit their JCI expenditures by attempting to reduce the number of individuals they send to JCIs, counties cannot directly reduce total JCI operating costs unless all counties send significantly fewer juveniles to JCIs. This is because, as corrections officials argue, certain staff-to-youth ratios must be maintained to ensure programs are operated safely and legally.

The daily rate is the source of revenue to pay for JCI operating costs.

According to the Department, many operating costs, such as maintenance, administration, and most security costs, are fixed. Consequently, as these costs are spread over a smaller number of juveniles, the result is an increase in the daily rate. Further, corrections officials argue that the Department has no other funding source from which to pay JCI operating costs, so it must charge counties rates that will completely cover these costs no matter how many juveniles the counties send to JCIs.

The issue of concern to counties about the daily rate can be more easily understood by considering a hypothetical example. If total JCI-related expenditures are estimated at \$45 million, then counties are charged a daily rate, based on estimated average daily population, that is intended to cover the entire amount. If the average daily juvenile population housed in all six JCIs is estimated at 1,000 juveniles per day, the daily rate charged to counties will be \$123.29. However, if the average daily juvenile population housed in all six JCIs is estimated at 900 per day, the daily rate charged for placement will rise to \$136.99, which is 11.1 percent higher.

Relationship Between Daily Rate and Actual Cost of Services

When revenue from the daily rate exceeds 2 percent of JCI expenditures, counties receive refunds.

Because the daily rate is based upon estimates, the revenue received from the daily rate may either fall short of or exceed actual JCI-related expenditures. Section 20.410(3)(hm), Wis. Stats., specifies that if the amount charged to counties exceeds JCI-related expenditures in a given year, the Department may retain up to 2.0 percent of that year's total JCI-related expenditures. The Department uses this revenue to help pay for JCI-related costs. Any remaining funds in excess of 2.0 percent are to be refunded to those counties that had placements, based upon days of placement and the number of juveniles placed. Refunds are issued to the counties and to the State, which also pays the daily rate for some juveniles for whom it has financial responsibility.

As shown in Table 9, the percentage of revenue in excess of JCI-related expenditures has varied considerably from FY 1991-92 through FY 1997-98. It should be noted that the amounts shown in Table 9 reflect a combination of two revenue sources: revenue collected through daily rate charges for JCI placements, and revenue related to services provided for juveniles after they have left JCIs. The Department's accounting practices did not permit us to separate these sources. However, we were able to determine that refunds are driven almost entirely by the revenue collected from daily rate charges for JCI placements.

Table 9

Excess Revenue Collected from the Daily Rate
(in millions)

<u>Fiscal Year</u>	<u>Total Juvenile Corrections Expenditures</u>	<u>Revenue in Excess of Expenditures*</u>	<u>Percentage of Revenue in Excess of Expenditures</u>	<u>Amount Retained by the Department**</u>	<u>Amount Refunded***</u>
1991-92	\$26.0	\$1.7	6.5%	\$0.5	\$1.2
1992-93	29.0	1.3	4.5	0.6	0.7
1993-94	31.8	2.9	9.1	0.6	2.3
1994-95	40.0	1.8	4.5	0.8	1.0
1995-96	46.7	2.0	4.3	0.9	1.1
1996-97	50.2	1.5	3.0	1.0	0.5
1997-98	50.0	4.4	8.8	1.0	3.4

* Data reflect revenue collected both for JCI placement charges and for a portion of days for services provided after release from JCIs.

** Represents 2 percent of total juvenile corrections expenditures.

*** Refund is provided at the beginning of the next calendar year.

Note: In FY 1997-98, \$2.9 million was refunded to counties and \$0.5 million was refunded to the State.

Critics argue that allowing the Department to retain up to 2 percent in excess of JCI-related expenditures provides the Department with an incentive to inflate the daily rate. They suggest that improved methods for estimating JCI-related expenditures and, especially, JCI populations should be implemented in order to reduce excess revenue collections and allow the counties to retain more of their Youth Aids allocations for use throughout the year. However, officials in the Department argue that it is difficult to make accurate predictions of JCI populations, because arrest rates and county circuit court judicial decisions are unpredictable. In addition, they argue that collecting excess revenue through the daily rate is appropriate because this revenue must be used to provide additional funds if revenues fall short of expenditures in a given year, and because the Department uses the excess revenue to help pay for JCI-related costs. Excess revenue that is not needed to offset JCI operating costs is refunded to counties.

Factors Contributing to Increases in Daily Rate Charges

County daily rate charges are most affected by the opening and expansion of JCI's.

In the absence of a significant increase in the projected average JCI population, any projected cost increases associated with JCI operations will result in higher daily rate charges to the counties. Costs may increase as a result of inflation; however, the factors most likely to increase the daily rate substantially are the opening of new JCIs or the expansion of existing institutions.

In FY 1999-2000, the daily rate is likely to increase because it will include operating costs for a facility in Prairie du Chien that was acquired in 1995 to address large increases in JCI populations that were occurring at that time, as well as the addition of a new annex to the Southern Oaks Girls School. The Prairie du Chien facility has been in operation since July 1997, but to date it has functioned solely as an adult institution, in part to address overcrowding in the adult correctional system and in part because a decrease in serious juvenile crime rates has limited growth in JCI placements. 1997 Wisconsin Act 27 requires that the Prairie du Chien facility convert to its original purpose of housing juveniles on July 1, 1999. As a juvenile facility, Prairie du Chien's operating costs will be included in the JCI daily rate calculation, and unless the number of individuals sent to JCIs increases substantially, the daily rate will increase dramatically.

Because the number of staff needed to supervise juveniles in a JCI is typically higher than the number of staff needed to supervise inmates in an adult institution, additional staff will be required when the Prairie du Chien facility is converted to house juveniles, even though the resident population is expected to decrease from approximately 300 adults to 140 juveniles. The Department projects its costs for operating the facility as a JCI will be \$0.5 million less than costs for operating it as an adult institution, but the Department's 1999-2001 biennial budget request shows the facility will need approximately ten more staff than are currently employed because of increased education and treatment needs. With those additions, the Prairie du Chien facility can be expected to have a total of 152 staff. Because approximately 96 positions at Ethan Allen and Lincoln Hills schools are projected to be eliminated when 140 juveniles are transferred from those JCIs to Prairie du Chien, the daily rate calculation will include a net increase of 56 positions with the inclusion of the Prairie du Chien facility.

Using the Prairie du Chien facility to house juveniles could increase the daily rate by 14.8 percent.

During deliberations on the 1997-99 biennial budget, the future of the Prairie du Chien facility as a JCI was discussed. The Legislative Fiscal Bureau estimated that in FY 1998-99, adding costs associated with operating the facility as a JCI would have increased daily rate charges to counties by approximately \$23 per day, or 14.8 percent over the July 1, 1998 rate of \$154.94. County officials are critical of the decision to house juveniles at the Prairie du Chien facility, given that it will

increase county costs at a time when the added capacity for housing juveniles may not be needed.

The second change that is likely to have a noticeable effect on the daily rate is the opening of an addition at the Southern Oaks Girls School. Construction was authorized by the Legislature in 1993 Wisconsin Act 16, which provided for expansion of the existing facility through the construction of a three-wing annex. The annex provides 39 additional rooms and calls for hiring an additional 59 positions, which the Legislature has already authorized. The Department partially opened the annex in December 1998. Should the full staffing levels and corresponding costs of the annex not be needed because of low populations, the Department states it will not hire all of the positions, and the corresponding savings will be refunded to the counties.

At present, no other initiatives are planned that will substantially increase the daily rate charged to counties for JCI placements in the 1999-2001 biennium. However, based in part on concerns related to an assault on a staff person at the Mendota Juvenile Treatment Center in July 1998, the State Building Commission, which is responsible for authorizing major state construction projects, has approved \$95,000 for plan development associated with the proposed addition of a 15-room secure unit for juveniles at this institution. The preliminary construction cost estimate for this addition is \$1.6 million. No date has been set for its opening.

In part because the opening of new institutions or expansion of existing institutions contributes to the greatest increases in daily rate charges, some have questioned whether the additional capacity that will be provided by both the Prairie du Chien facility and the Southern Oaks Girls School annex is needed. Corrections officials indicate that current space limitations have required them to place two girls in each room at Southern Oaks Girls School and have necessitated similar housing assignments at other institutions. Debates over the capacity of juvenile and adult correctional institutions are long-standing and have seldom resulted in a resolution through consensus. The data available to us do not provide additional information that could help to resolve this debate. Therefore, we focused our analysis on other strategies that could be considered to limit increases in the daily rate. It should be noted that the Department released a report in November 1998 that includes discussions about the issues of capacity and the daily rate.

Limiting Daily Rate Increases

Options to limit daily rate increases can be considered.

Some legislators and county officials have asked whether strategies exist to reduce the daily rate counties are charged for JCI placements or to limit future increases in the daily rate. Options that have been suggested or could be considered include:

- reducing total operating expenditures by eliminating high-cost or specialized JCIs;
- shifting JCI costs to other funding sources; and
- expanding the use of third-party funding sources, such as child support or parental contributions.

Although some of these options could potentially benefit counties by limiting increases in the daily rate, the extent to which these options can mitigate increases is likely to vary substantially.

One option for reducing total JCI operating expenditures is for the Legislature to amend statutes in order to eliminate high-cost or specialized JCIs, such as the Youth Leadership Training Center or SPRITE, and transfer juveniles previously placed in these facilities to Ethan Allen School, Lincoln Hills School, or Southern Oaks Girls School to take advantage of the lower daily costs and economies of scale provided by these facilities. As shown in Table 10, the reported daily cost for each institution varies substantially. However, the daily cost per juvenile at the Youth Leadership Training Center has been significantly higher than the cost of placement in the three main institutional facilities since the Training Center was created in 1996.

Although the military-style focus on discipline is not available in other settings, elimination of the Training Center and placement of juveniles in one of the large institutions could reduce state JCI-related costs and, therefore, county daily rate charges for JCI placements. We estimate that in FY 1996-97, elimination of the Training Center would have reduced county daily rate charges by \$7.34 per juvenile per day, or by 5.5 percent, if no additional staff would have been required to serve the juveniles transferred to other institutions. It is likely that some additional costs would, in fact, have been incurred to serve these juveniles at Ethan Allen and Lincoln Hills Schools; however, available data do not permit us to accurately estimate the cost resulting from such a transfer.

Table 10

JCI Daily Rates
FY 1996-97

<u>Institution</u>	<u>Daily Rate</u>
Ethan Allen School	\$121.28
Lincoln Hills School	117.15
Southern Oaks Girls School	150.11
Mendota Juvenile Treatment Center*	165.44
SPRITE	113.83
Youth Leadership Training Center	188.99

* This rate represents only the portion of costs paid by the Department of Corrections and therefore affecting county daily rate charges. The estimated total cost to the Department of Health and Family Services was \$360 per juvenile per day in 1998.

Making greater use of economies of scale could reduce JCI daily rate charges slightly.

In addition, although the cost of SPRITE is actually lower than the costs of all other JCI placements, its elimination could also reduce overall JCI-related operating costs through the economies of scale provided by the larger institutions. Given that SPRITE involves only about ten juveniles at one time, it seems unlikely that eliminating this placement option and transferring these juveniles to one of the larger institutions would make it necessary to hire additional staff or increase operating costs at the three larger institutions. However, because of the small size of SPRITE, savings are also likely to be small. We estimate that elimination of SPRITE in FY 1996-97 would have reduced county daily rate charges for JCI placement by only \$1.20 per day, or less than 1 percent.

It should be noted that while elimination of the Training Center or SPRITE could reduce the daily rate charged to counties, the overall effect on juvenile delinquency costs is not known. For example, these JCIs may have advantages over more traditional placement options, such as requiring a substantially shorter length of stay than in one of the larger institutions, or potentially being more effective in preventing recidivism, which could result in lower overall delinquency costs to a youth's county of residence.

Although elimination of the Mendota Juvenile Treatment Center could also reduce overall costs, many believe the specialized mental health treatment services the institution provides are necessary and cannot be provided by any of the other institutions. Consequently, debate on the savings to the daily rate derived through the elimination of existing JCIs is likely to focus on the Youth Leadership Training Center and SPRITE.

Educational costs could be shifted to school districts.

The daily rate charged for JCI placement could also be reduced by shifting JCI costs to other funding sources. One option would be to shift educational costs to either the local school district in which the JCI is located or to the juvenile's district of origin, as is done in at least some other states. In essence, this cost shift would be an intergovernmental transfer of costs from counties to the State, which would then be responsible for paying approximately two-thirds of these costs, and to local school districts, which would pay the remaining one-third. This strategy would likely not increase efficiency or reduce total costs; rather, it would simply shift additional costs to the State. It would, however, lower the daily rate charged to counties for JCI placement. Available JCI expenditure data did not allow us to estimate the financial effect of such a change on the daily rate. However, staffing numbers show that education positions represent approximately 16 percent of all authorized JCI positions.

In addition to educational costs, some have suggested that costs associated with medical care might be shifted to alternative funding sources such as Medical Assistance, or that payments received through public assistance programs, such as Supplemental Security Income, might be used to offset JCI costs. However, federal law prohibits juveniles from receiving Medical Assistance or Supplemental Security Income benefits while they are residing within a public institution.

Providing greater incentives for the Department to control costs may be beneficial.

A second option for shifting JCI costs to other funding sources would be to shift some costs to the Department and, therefore, not include these costs in the calculation of the daily rate. Currently, some argue that the Department has little incentive to evaluate JCI operations and improve efficiency, because the daily rate calculation virtually guarantees that it will receive sufficient revenue to cover JCI operating costs. County officials contend that requiring the Department to pay for at least some JCI operations with GPR funding would provide an incentive to limit cost increases and require the Department to justify at least some JCI operating costs through the biennial budget process.

Numerous suggestions have been made as to which operating costs could be funded by the Department with GPR, including high-cost services such as the Mendota Juvenile Treatment Center, and the fixed costs of JCI operations, such as building maintenance. The FY 1996-97 Mendota Juvenile Treatment Center expenditures for which counties were responsible totaled approximately \$2.5 million; shifting these expenditures to the Department would have reduced the FY 1996-97 daily rate by \$7.21, or 5.4 percent. Because the Department is still working on a reporting system capable of identifying JCI expenditures by program area, it is difficult to determine the effect on the daily rate should any of these fixed costs be shifted to the Department.

Other suggestions for having the Department fund some JCI operating costs with GPR include holding the daily rate constant for a period of two or more years by paying for any additional costs through GPR, or assuring counties that the Department will cover any JCI costs over a certain percentage of a county's Youth Aids allocation. Both options have potential benefits. Holding the daily rate constant for a period of two or more years would provide an incentive for the Department to make personnel or program adjustments as populations fluctuate and would allow counties to budget for JCI expenditures more easily. In addition, if all JCI costs over a certain percentage of a county's Youth Aids allocation were paid by the State, counties would be assured that at least a minimum percentage of Youth Aids funding would be available each year for other out-of-home placement costs and other juvenile delinquency services.

Maintaining incentives to limit JCI placements may be important.

There are at least two substantive obstacles to these approaches. First, shifting some JCI operating costs to the Department would likely require the Legislature to appropriate additional state funds for juvenile delinquency services. Second, concerns have been raised that having the Department pay for some JCI costs could create an incentive for counties to increase the number of juveniles sent to JCIs, because they would no longer be completely financially responsible for paying JCI costs. However, county officials have argued that the current daily rate funding mechanism provides limited disincentive to send juveniles to JCIs, because the daily rate charged may increase when they succeed in reducing their number of JCI placements.

Finally, increases in county costs could be limited by expanding the use of third-party payers—such as Social Security, child support, and parents ordered by the court to contribute funds while their sons or daughters are in JCIs—to fund JCI-related costs. However, it is important to note that revenue collected from third-party payers would not have a direct effect on the daily rate. Third-party revenue is used to pay room and board costs associated with JCI placements, but because it is difficult to predict the amount of revenue received from year to year, the estimate of third-party revenue is not used to offset the cost estimate used in the daily rate calculation. Therefore, if a large amount of third-party revenue is received, it is refunded to counties but does not directly decrease the daily rate. The Department estimates that the average amount collected from all third-party sources is approximately \$600,000 per year, or 1.2 percent of total JCI costs in FY 1997-98, though it notes this amount can vary substantially.

While third-party payers do provide an additional funding source for correctional costs, 1997 Wisconsin Act 237 allows counties to act as the agent of collection on child support and parental contributions for JCI costs. The Department is implementing this change, which may reduce individual county financial burdens but will not affect the daily rate charged to counties. If a county chooses to act as the collection agent, it will be allowed to keep whatever funds it collects for use on the Youth

Aids target population. Therefore, those counties that collect a sizeable amount of funding from third-party sources will be allowed to retain all of these funds, rather than to receive only a portion of the funds collected as part of a statewide refund at year-end.

EFFORTS TO REDUCE COUNTY DELINQUENCY COSTS

Based on county officials' concerns over increases in juvenile delinquency costs, the Legislature has, over the past five years, taken steps to assist counties in reducing their expenditures for juvenile delinquency services. Legislative initiatives have focused on two main strategies: 1) increasing the State's responsibility for paying juvenile delinquency costs; and 2) creating alternatives to existing out-of-home placements that are less costly on a per day basis than correctional services or other out-of-home placements. To date, these initiatives have met with some financial success for counties. However, it is likely that, over time, more of the counties' current costs will be covered by the State, as the Legislature intended. In addition, the experience gained through an analysis of these initiatives will provide information useful in considering modifications to existing programs or the development of new ones.

Increasing the State's Responsibility for Paying Delinquency Costs

The Legislature took action to address rising juvenile delinquency costs.

In response to county concerns about the increasing cost of juvenile correctional services, the Legislature created the Serious Juvenile Offender Program to fund treatment of juveniles who commit specified serious offenses, and it changed statutes to transfer older juveniles to adult criminal courts. However, the Serious Juvenile Offender Program has thus far not been an effective source of financial relief for counties, because the reductions made to county Youth Aids allocations that were used to fund the program have exceeded program expenditures. Statutory changes made to move older juveniles into adult courts have lowered JCI admission rates for older juveniles, but many believe these changes also have not resulted in savings to counties because overall delinquency costs have continued to rise.

Serious Juvenile Offender Program

The State pays all costs for juveniles in the Serious Juvenile Offender Program.

The Serious Juvenile Offender Program, created by 1995 Wisconsin Act 27, began on July 1, 1996. Under the program, juvenile courts designate supervisory responsibility for juvenile delinquents who commit specified serious offenses to the Department of Corrections for a minimum of five years, first to be placed in a JCI and then to be released into a post-institutional setting for further services. All treatment costs for program participants are paid by the State. The program is limited to juveniles between 14 and 16 years old who have committed any 1 of 23 specified offenses that would be considered Class A or Class B

felonies if committed by an adult, such as armed robbery or sexual assault; however, juveniles as young as 10 who have committed one of three specific homicide offenses, such as first-degree intentional homicide, also qualify. Once a juvenile is placed in the program, the Department has supervisory responsibility for a minimum of five years, or up to age 25 if the juvenile has committed a Class A offense. In contrast, juvenile courts may issue disposition orders of up to only two years for juveniles not placed in the program.

The Serious Juvenile Offender Program was designed to accomplish two goals: to provide counties financial relief by assuming the long-term treatment costs for providing services to juveniles who commit the most serious offenses, and to provide courts with a long-term placement option for committing juveniles to the Department's supervisory responsibility. It replaced the Violent Offender Program, which was established in January 1995. The primary differences between the two programs are that:

- under the Serious Juvenile Offender Program the State pays for all treatment costs, whereas it paid only for correctional placement costs under the previous program;
- the Serious Juvenile Offender Program covers 23 offenses, whereas the previous program covered 6; and
- judges must decide whether to place a qualifying juvenile into the Serious Juvenile Offender Program, whereas qualifying juveniles were automatically enrolled under the previous program.

The Serious Juvenile Offender Program also replaced the extended jurisdiction provision established in 1987, under which juvenile courts were allowed to issue correctional disposition orders that applied until the age of 25 to juveniles who committed first-degree intentional homicide, and until the age of 21 to juveniles who committed seven other violent offenses. Under extended jurisdiction, the State did not pay for treatment services until a juvenile turned 18 years old.

When the Serious Juvenile Offender Program was established in 1996, the Legislature decided to use the appropriation that funded it to also fund complete treatment costs for juveniles previously enrolled in the Violent Offender Program and juveniles under prior extended jurisdiction orders. As of June 1998, the Serious Juvenile Offender program was funding the treatment costs of 168 juveniles, including 51 former extended jurisdiction cases and Violent Offender Program participants. Seventy-five, or 44.6 percent of the 168 juveniles, came from Milwaukee County,

19 from Dane County, 13 from Racine County, and no more than 6 from any other single county. In 1997, the Serious Juvenile Offender Program paid for \$6.7 million, or 11.3 percent, of total treatment costs for juvenile delinquents in JCI and post-JCI treatment.

Since 1995, state-funded offender programs have resulted in a \$3.9 million net loss in state aid to counties.

However, as shown in Table 11, when accounting for the decreases in the Youth Aids appropriation that were used, in part, to establish the Serious Juvenile Offender and Violent Offender programs, net state aid to counties was reduced by \$3.9 million from January 1995 through June 1998. Under the Violent Offender Program, expenditures exceeded the corresponding decrease to the Youth Aids appropriation, providing a net increase in state aid to counties during FY 1994-95 and FY 1995-96. However, expenditures for the Serious Juvenile Offender Program fell short of the corresponding decreases to the Youth Aids appropriation in FY 1996-97 and FY 1997-98, reducing net state aid to counties for delinquency services by \$3.4 million and \$2.2 million, respectively.

Table 11

**Net Effect of Offender Funding Programs
on State Aid to Counties**

<u>Program</u>	<u>Total Expenditures</u>	<u>Decrease in Youth Aids</u>	<u>Net Effect on State Aid</u>
Violent Offender			
FY 1994-95*	\$ 2,609,047	\$ 2,098,100	\$ 510,947
FY 1995-96	<u>5,351,627</u>	<u>4,196,200</u>	<u>1,155,427</u>
Subtotal	7,960,674	6,294,300	1,666,374
Serious Juvenile Offender			
FY 1996-97	6,814,853	10,187,500	(3,372,647)
FY 1997-98	<u>7,948,191</u>	<u>10,187,500</u>	<u>(2,239,309)</u>
Subtotal	14,763,044	20,375,000	(5,611,956)
Total	\$22,723,718	\$26,669,300	\$(3,945,582)

* Funding was provided for the six-month period from January 1, 1995 to June 30, 1995.

Recent legislation has attempted to increase the financial benefits of the program to counties.

Recent legislation has attempted to increase the financial benefits to the counties under the Serious Juvenile Offender Program. Specifically, 1997 Wisconsin Act 27 now provides that any unspent funding for the program will, as of FY 1997-98, lapse back to Youth Aids to be distributed to counties, rather than lapse to the General Fund.

The Serious Juvenile Offender Program has not been effective in reducing counties' financial burden because of lower-than-expected program placement. Corrections staff report that when the program was established, it was expected that 18 to 20 percent of the juveniles receiving delinquency-related services from the Department would be funded by the program. After two years of operation, however, 168 juveniles, or 12.2 percent of the 1,377 juveniles under state correctional supervision at the end of June 1998, were being funded by the program.

One reason for low Serious Juvenile Offender Program placement is apparent confusion among circuit court judges and district attorneys regarding how to interpret a July 1998 State Supreme Court ruling in which the court ruled that individuals sentenced under juvenile justice proceedings could not be sent to adult prisons unless they received jury trials, and jury trials are no longer granted under the Juvenile Justice Code implemented in 1996. Some believe that with this ruling, the court in effect invalidated the entire Serious Juvenile Offender Program; however, Department of Corrections and state Department of Justice officials interpret the court's ruling to mean that the program is constitutional as long as it transfers no juveniles to adult prisons. Perhaps as a result of this confusion, only seven juveniles, in total, were placed in the program in the three-month period following the State Supreme Court ruling. Corrections staff indicate this represents a 61 percent decrease from expected program placement rates of five to six juveniles per month.

If counties are to realize the benefits the Legislature intended when it established the Serious Juvenile Offender Program, the Department may need to provide additional guidance about the program's current legal status. Although the Department sent memoranda to all county staff after the ruling, confusion about the program's constitutionality still remains. Therefore, corrections officials could attempt to reduce or eliminate this confusion by reviewing and discussing the State Supreme Court decision with county officials and by working with officials in other state agencies, such as the Office of the Director of State Courts, to identify appropriate venues for communicating the Department's understanding that the program is still constitutional.

However, such an effort may not entirely address the reasons for lack of full program placement, which may also include the requirement that all serious juvenile offender participants be placed under state supervisory responsibility for a minimum of five years. County officials and circuit court judges with whom we spoke indicated that while the Serious

Juvenile Offender Program's five-year disposition option is recognized as a valuable tool for some juveniles, judges sometimes prefer ordering juveniles who would qualify for the program to standard JCI dispositions that allow further review after a period of only one or two years. Corrections officials believe the five-year minimum order for this program allows for longer control over the behavior of juveniles who present a danger to their communities than is possible under a standard order, and it recognizes that these youth are expected to have longer stays in JCIs.

Not all judges place eligible juveniles in the Serious Juvenile Offender Program.

County representatives and judges also indicated that having the cost of program placements paid by the State does not necessarily provide a strong enough incentive to place juveniles in the program. These statements are supported by our review of the Department's records. Survey data from the Department for all juveniles residing in JCIs on March 9, 1998, which are the most recent profile data available, indicate that some qualifying juveniles in JCIs on that date were not placed in the program. We determined that 25 juveniles from 12 different counties who met statutory standards for entering the program had not been placed in the program. Of the 25:

- 11 had committed armed robbery;
- 9 had sexually assaulted a child;
- 3 had committed armed burglary;
- 1 had committed arson; and
- 1 had been placed based on an undefined conspiracy crime.

Had they been placed in the Serious Juvenile Offender Program, these juveniles would have increased program placement on March 9, 1998 by 28 percent and increased JCI expenditures paid by the State instead of by counties for these juveniles by 23.8 percent, or approximately \$805,000.

In order to increase Serious Juvenile Offender Program placement, and thereby increase financial benefits to counties, the Legislature could consider removing from current program statutes the five-year minimum requirement for the program. Statutes could also be revised to include funding for all those who meet the program's age and offense requirements, regardless of whether they are placed in the program. The Department could retain supervisory responsibility of juveniles as long as they are placed in the program. Because the program has not been in existence long enough for the average cost per juvenile to be estimated, we cannot predict how much these options would increase the State's cost, which would, in turn, increase the financial benefit of the program to

counties. However, as noted, if all juveniles eligible in March 1998 had been placed, the program would have increased by 25 juveniles.

Statutory Changes to Age Jurisdiction

In establishing the current Juvenile Justice Code, which took effect on July 1, 1996, the Legislature made several statutory changes that transfer older juveniles to the jurisdiction of adult criminal courts. While we found no evidence to suggest that these changes have decreased JCI operating costs, some believe that without the diversion of older juveniles to adult courts, JCI operating costs would have increased at a significantly greater rate. In addition, county and corrections officials have noted that this change in age jurisdiction has resulted in some cost-shifting from county juvenile delinquency expenditures to county expenditures for probation, jail, prison, and parole services, rather than complete cost-shifting from county expenditures to state expenditures.

Since 1996, 17-year-olds are under the jurisdiction of adult courts.

Age jurisdiction changes that took effect on January 1, 1996, include:

- transferring the original jurisdiction for criminal offenses committed by 17-year-olds from juvenile court to adult criminal court;
- lowering the age at which children may be declared delinquent and tried in juvenile court from 12 to 10; and
- altering statutory procedures to allow juvenile courts the discretion to waive juveniles who are 15 or older (previously 16 or older) to adult courts for any offense, and waiving juveniles who are 14 or older (previously 15 or older) to adult court for certain serious offenses, such as armed robbery.

Limitations in state record-keeping make it difficult to assess the effect of these changes. Personnel in the Office of the Director of State Courts indicate that there are no accurate data on the number of cases processed by juvenile courts either before or after the law changes because of complications in implementing the Circuit Court Automation Project. Statutes require the Department of Corrections to report to the Legislature annually on the number of juvenile court waivers to adult criminal courts, but corrections staff indicate they do not receive case data until after juveniles enter JCIs. Therefore, they are unable to determine the number of juvenile cases waived to adult courts, because most of the waived cases would not involve JCI placements.

Sending 17-year-olds to adult court has lowered JCI admissions.

However, it appears that one age jurisdiction change in the Juvenile Justice Code—moving 17-year-olds to adult criminal courts—has contributed to recent decreases in JCI admissions. As shown in Table 12, in 1995, before the law was changed, 1,404 juveniles were admitted to JCIs. In 1997, annual admissions dropped by 16 percent compared to 1995, and most of the decline occurred among juveniles over 16 years of age. Some juveniles over 16 are still admitted to JCIs under the new Juvenile Justice Code, which allows them to be tried in juvenile court if they committed their offenses before turning 17.

Table 12

Admissions to Juvenile Correctional Institutions

<u>Age</u>	<u>1995 Admissions</u>	<u>1997 Admissions</u>	<u>Change in Admission</u>	<u>Percentage Change</u>
16 or younger	1,052	1,005	(47)	(4.5)%
Over 16	<u>352</u>	<u>174</u>	<u>(178)</u>	(50.6)
Total	1,404	1,179	(225)	(16.0)

Age jurisdiction changes may have reduced county JCI daily rate charges.

Although changes in the law appear to have reduced JCI admissions, the reduction in JCI populations associated with the changes did not decrease JCI operating costs. However, it could be argued that these changes have decreased the rate of growth in JCI costs. In addition, had juveniles over age 16 not been diverted to the adult system, county daily rate charges for these juveniles might have totaled \$6 million, based upon the estimated JCI daily rate and average length of stay for 1997.

Creating Cost-Effective Alternatives

In addition to increasing the State’s role in funding what had been county costs, the Legislature has created two programs to increase the number and type of treatment options available to counties in making disposition decisions: Corrective Sanctions and Intensive Supervision. By shortening the placement periods of some juveniles, or diverting others from out-of-home to in-home dispositions, both programs have reduced the cost of treating individual juvenile delinquents while still addressing community safety concerns. Nevertheless, concerns relating to program

capacity remain. In addition, if overall JCI operating costs are not reduced, counties as a whole will experience limited financial benefits from sending fewer juveniles to JCIs.

Corrective Sanctions Program

JCI daily rates are higher than the daily rate for Corrective Sanctions.

The Corrective Sanctions Program was created by 1993 Wisconsin Act 16 to alleviate overcrowding in JCIs by reducing the time juveniles stay there. Although a variety of factors have reduced overcrowding concerns, the Department has continued the program, which moves juveniles back into their communities sooner, and it now emphasizes the program's financial benefit to counties. Specifically, the Corrective Sanctions Program provides intensive supervision and services to juveniles at a rate of \$80.41 per juvenile per day, of which counties pay about 30 percent and the State pays about 70 percent. In comparison, the daily rate for a juvenile correctional placement is \$154.94 per day. Consequently, it is possible for a county to serve 6 juveniles per day in Corrective Sanctions for each juvenile placed in a JCI.

Program features also include community safety and immediate sanctions for juveniles who fail to follow program rules. To help ensure community safety, juveniles in correctional institutions must meet program eligibility criteria that include:

- being unlikely to present a physical danger to themselves or to others if living in the community, based on a risk assessment conducted by the Department;
- the presence of a suitable home within the community;
- personal willingness to participate in the program and to comply with the rules and conditions, and the willingness of family or other adult guardians to do the same; and
- supervision, treatment, and service needs that can be met in the community.

During the early phases of the program, community safety concerns are also addressed through the use of electronic monitoring devices to track juveniles' locations.

Inappropriate behavior, such as absence from school, is sanctioned with brief stays in county secure detention facilities or JCIs, or the loss of privileges, such as reduced amounts of free time. Corrections officials

state that an important program component is the immediate consequences juveniles face for violating program rules. The program is considered an “institution without walls,” meaning that participating juveniles may be placed in secure detention or returned to a JCI at any time for any rule violation without a hearing.

The Corrective Sanctions Program is not operating at full capacity.

Despite changes to expand program eligibility criteria over time, the Corrective Sanctions Program has generally not operated at full capacity. When the program began in June 1994, it was limited to juvenile offenders in six counties—Dane, Milwaukee, Outagamie, Racine, Rock, and Winnebago—who were served through a system that permitted each county to place a specified number of juveniles in the program at any given time. Although its original capacity was 105 juveniles, a Department of Health and Family Services study found that from January 1995 through June 1996, the program had an average daily population of 90 juveniles, or 85.7 percent of capacity. More recent Department of Corrections data indicate that from December 1996 through March 1997, the program population averaged 86.8 juveniles.

Ongoing efforts by the Department to increase program participation have focused on changing some criteria related to how long juveniles are in JCIs before entering Corrective Sanctions. First, the Department began accepting eligible juveniles who had been in JCIs for up to six months, rather than those who had been in JCIs for assessment and evaluation only, which typically lasts no longer than 35 days. When this change was found ineffective in allowing the program to operate at capacity, eligible juveniles who had been in JCIs for up to one year were accepted into the program.

In January 1998, all counties were allowed to participate in the Corrective Sanctions Program.

In January 1998, the Department opened the program to all other counties, both to address continuing concerns about unused program capacity and to allow other counties to take advantage of reduced out-of-home placements. Simultaneously, the program’s capacity was expanded by 1997 Wisconsin Act 27 from 106 in FY 1997-98 to 136 in FY 1998-99. Although permitting other counties to place juveniles in the program has increased the number of participants, the program is still operating at less than full capacity. As of December 1998, 99 juveniles from approximately 17 counties were enrolled.

It is possible that the Corrective Sanctions Program’s existing caseload may encompass all juveniles in JCIs who are currently eligible for the program. However, the Department has not evaluated the number of juveniles currently in JCIs who might qualify for the program. Even if the program remains at its current enrollment, determining its ability to reach statutory capacity will enable the Department to make informed choices about whether to seek funding for program expansion to meet the statutory caseload of 136 juveniles, or whether to direct those resources elsewhere. Therefore, the Department of Corrections should determine

both the number of juveniles currently eligible and an accurate projection of the number likely to be eligible during the 1999-2001 biennium.

Intensive Supervision

In 1993 Wisconsin Act 16, the Legislature established a second means of assisting counties in reducing out-of-home placement costs, by formalizing guidelines for county-operated intensive supervision programs that can provide intensive services and supervision while keeping juveniles in their communities. While these programs vary somewhat from county to county, their intended purpose is to meet the treatment needs of eligible juveniles while reducing the number of out-of-home placements.

County intensive supervision programs are similar to the State's Corrective Sanctions Program.

Intensive supervision programs are similar to the State's Corrective Sanctions Program in that:

- the goal is to reduce out-of-home placement expenditures;
- caseworkers should have caseloads of approximately ten or fewer juveniles and must have daily face-to-face contact with juveniles in the program;
- only those juveniles who do not present a serious risk to community safety or to themselves may be admitted to intensive supervision programs;
- electronic surveillance methods may be used to safeguard the community; and
- timely consequences and sanctions are used to address inappropriate behavior.

However, intensive supervision programs typically serve juveniles who have not yet been placed in JCI's or other out-of-home settings. These programs are the last alternative to out-of-home placement for juveniles who would otherwise be placed out-of-home, generally in a JCI or child caring institution. Most intensive supervision programs have one or two caseworkers, each serving five to ten juveniles. Currently, at least 19 counties have implemented intensive supervision programs, and several others are considering this option.

Some counties report savings through the use of intensive supervision programs.

Although there has been no comprehensive statewide study of intensive supervision programs' effectiveness or of cost savings attributable to them, some counties have evaluated their own programs to determine their cost-effectiveness and to develop basic estimates of their effect on recidivism. Anecdotal information provided by counties indicates that the programs have been successful, particularly in reducing out-of-home placement expenditures. For example:

- Waupaca County has operated its program since May 1997 and estimates that in its first eight months of operation, the program saved nearly \$133,000, or 58 percent of the cost of placing its 13 participants in JCI's or child caring institutions;
- Manitowoc County estimates that between January 1997 and June 1998, its intensive supervision program saved a total of \$472,000; and
- Oconto County estimates that its intensive supervision program saved approximately \$469,276 and reduced recidivism rates by approximately 20 percent.

Several counties operate similar programs, many of which were created before the Legislature enacted requirements for intensive supervision programs. Although counties need not follow the statutory guidelines, those that do are permitted to sanction juveniles by placing them in a secure detention facility for up to 72 hours without a hearing—a provision that many counties report is important to program success because it provides immediate consequences for juveniles who violate program rules.

Officials in counties that do not follow intensive supervision program guidelines indicate common reasons for choosing not to do so, including difficulty in meeting the requirements of a juvenile-to-staff ratio of no more than 10 to 1, or of daily face-to-face contact with each juvenile. The latter is particularly difficult in rural counties where travel distances are considerable.

Grants helped counties to establish intensive supervision programs.

Many of the county officials with whom we spoke indicated they were able to start their intensive supervision programs with the assistance of community intervention grants provided by the State. Some of these grants are provided through the Department of Corrections and fund county programs to treat first-time offenders and serious chronic offenders. In FY 1997-98, all 72 counties received grants from the Department totaling \$3.75 million, ranging in size from \$857 to \$1.5 million.

Counties that started intensive supervision programs with grants typically reported that funding from county boards continued after programs had been in place for some time and had demonstrated success in reducing out-of-home placement costs and, in some cases, recidivism. Human services officials in several counties indicated that it would not have been possible to fund the start-up costs of these programs without the benefit of the state grants.

Corrections officials indicate they are continuing efforts to assist and encourage counties to develop intensive supervision programs because of their proven successes. To that end, the Department is in the process of hiring a program coordinator to help counties understand the benefits of intensive supervision programs, coordinate information-sharing among counties, educate juvenile court judges about program benefits, and assist counties in establishing their own programs.

FUTURE POLICY OPTIONS

The Legislature may wish to consider several issues during budget deliberations.

As noted, limited financial benefits from recent changes in the Juvenile Justice Code, together with increases in Youth Aids funding that have not kept pace with the cost for juvenile delinquency services, have raised concerns for county officials. In addition, the amounts counties are charged for JCI placements have risen markedly in recent years, and they may increase substantially as new facilities are added. To address counties' concerns that the high cost of out-of-home placements will require more of the limited Youth Aids budget and leave fewer resources available for in-home services and county prevention and early intervention efforts, the Legislature may wish to consider several issues during its 1999-2001 biennial budget deliberations.

Several factors affecting Youth Aids formula modifications could be considered.

First, the Legislature could consider whether the Youth Aids allocation formula should be modified to allocate funds more equitably, based on counties' current juvenile delinquency service needs. In considering such a revision, the Legislature would need to determine:

- whether the allocation formula should be based on an updated version of the original factors used to allocate funds to counties, or whether a new approach would better address county needs;
- whether the negative effect of any reallocation of funds, which could amount to at least \$9.1 million, should be mitigated to any extent through the appropriation of additional revenue; and
- whether the allocation formula should be updated routinely in the future to keep it more closely connected with changes in counties' relative needs.

Second, the Legislature could consider whether it should attempt to limit the effect of JCI expenditures on county charges for placement of juveniles in these facilities, and whether such efforts would create unwanted incentives for counties to place juveniles in JCIs at added expense to the State. In considering such an approach, the Legislature would need to determine which, if any, option intended to reduce JCI daily rates would be beneficial, including:

- eliminating specialized or high-cost JCIs and transferring juveniles in these JCIs to the larger institutions;

- shifting some program costs, such as educational expenses, to other funding sources; and
- shifting payment of some JCI operating costs from counties to the Department.

Also, the Legislature may wish to consider whether program qualifications for the Serious Juvenile Offender Program should be modified to base eligibility on the type of crime committed, rather than on the disposition issued. Enacting such a change would allow counties to benefit from more of the cost savings the Legislature intended when it created the program but which, as a result of apparent confusion about the program or resistance to the use of a five-year disposition option for some juveniles, have not been fully realized.

APPENDIX I

Comparison of Youth Aids Allocations and Total Expenditures by County

<u>County</u>	<u>1992 Allocation</u>	<u>1992 Expenditures</u>	<u>Percentage Paid by Youth Aids</u>	<u>1997 Allocation</u>	<u>1997 Expenditures</u>	<u>Percentage Paid by Youth Aids</u>
Adams	\$ 198,343	\$ 257,786	76.9%	\$ 234,162	\$ 700,024	33.5%
Ashland	203,749	439,824	46.3	222,150	580,948	38.2
Barron	404,807	664,965	60.9	470,208	1,729,187	27.2
Bayfield	148,901	261,916	56.9	152,917	330,808	46.2
Brown	1,944,855	3,626,394	53.6	1,974,265	3,812,558	51.8
Buffalo	63,704	115,795	55.0	57,932	227,414	25.5
Burnett	183,991	260,973	70.5	219,228	868,765	25.2
Calumet	266,809	425,310	62.7	286,682	624,320	45.9
Chippewa	514,255	706,405	72.8	559,939	1,407,089	39.8
Clark	431,368	706,555	61.1	491,078	996,640	49.3
Columbia	332,905	416,470	79.9	352,480	897,715	39.3
Crawford	156,157	405,828	38.5	152,940	305,525	50.1
Dane	5,166,138	9,755,982	53.0	5,626,408	18,667,051	30.1
Dodge	633,626	1,137,829	55.7	663,679	2,086,024	31.8
Door	190,737	453,123	42.1	217,520	723,462	30.1
Douglas*	1,071,311	911,056	100.0	1,083,845	1,346,067	80.5
Dunn	204,703	376,206	54.4	226,680	515,935	43.9
Eau Claire	985,996	1,142,175	86.3	1,026,548	2,721,712	37.7
Florence	63,146	135,228	46.7	55,611	216,881	25.6
Fond du Lac	1,004,802	2,535,334	39.6	899,675	2,135,303	42.1
Forest	88,054	147,750	59.6	86,362	143,392	60.2
Grant	246,986	480,324	51.4	262,560	787,349	33.3
Green	240,379	541,954	44.4	230,675	319,539	72.2
Green Lake	140,164	538,015	26.1	132,328	314,142	42.1
Iowa	153,444	265,014	57.9	166,637	667,205	25.0
Iron*	44,346	22,002	100.0	61,235	149,877	40.9
Jackson	176,750	270,341	65.4	183,609	321,120	57.2
Jefferson	620,954	1,036,395	59.9	623,208	2,616,270	23.8
Juneau	206,515	315,533	65.4	237,764	399,364	59.5
Kenosha	2,946,686	3,632,381	81.1	2,936,560	5,153,849	57.0
Kewaunee*	104,258	93,530	100.0	123,519	74,616	100.0
LaCrosse	1,293,655	2,890,710	44.8	1,239,973	4,136,649	30.0
Lafayette*	68,395	60,719	100.0	88,572	380,447	23.3
Langlade	382,334	418,058	91.5	379,402	647,404	58.6
Lincoln*	390,375	604,869	64.5	383,433	368,595	100.0
Manitowoc	660,278	1,647,780	40.1	611,785	2,070,348	29.5
Marathon	1,473,650	1,586,230	92.9	1,432,814	3,985,289	36.0
Marinette	444,399	499,290	89.0	515,136	1,539,671	33.5
Marquette	90,851	240,263	37.8	109,413	332,227	32.9
Menominee	468,669	541,187	86.6	494,824	700,237	70.7
Milwaukee	29,874,355	42,263,169	70.7	30,566,019	57,979,022	52.7

County	1992 Allocation	1992 Expenditures	Percentage Paid by Youth Aids	1997 Allocation	1997 Expenditures	Percentage Paid by Youth Aids
Monroe	\$ 633,094	\$ 858,319	73.8	\$ 686,625	\$ 1,404,864	48.9
Oconto	317,494	361,315	87.9	342,555	640,580	53.5
Oneida	512,489	672,705	76.2	537,944	1,305,746	41.2
Outagamie	1,636,321	3,102,639	52.7	1,756,665	4,974,726	35.3
Ozaukee	610,116	839,465	72.7	659,755	1,020,410	64.7
Pepin	90,315	144,698	62.4	74,782	155,572	48.1
Pierce	269,118	363,882	74.0	308,074	1,025,724	30.0
Polk	373,600	855,628	43.7	418,171	1,075,002	38.9
Portage	524,079	548,054	95.6	499,881	1,427,815	35.0
Price	153,624	424,332	36.2	139,223	207,143	67.2
Racine	4,064,277	5,688,183	71.5	4,195,477	6,775,278	61.9
Richland	105,825	194,872	54.3	92,113	263,171	35.0
Rock	3,061,536	5,521,031	55.5	3,309,772	7,472,168	44.3
Rusk*	206,116	184,018	100.0	225,933	250,176	90.3
Saint Croix	536,110	551,494	97.2	578,314	1,017,403	56.8
Sauk	423,556	1,000,382	42.3	469,484	1,213,786	38.7
Sawyer	180,136	299,630	60.1	181,347	367,863	49.3
Shawano	507,246	538,989	94.1	542,188	609,590	88.9
Sheboygan	1,296,116	2,278,003	56.9	1,139,907	4,656,525	24.5
Taylor	186,406	225,900	82.5	207,691	348,347	59.6
Trempealeau	126,413	438,626	28.8	120,850	274,776	44.0
Vernon	179,292	416,992	43.0	215,228	584,753	36.8
Vilas	312,113	329,031	94.9	277,137	608,402	45.6
Walworth	774,698	1,821,582	42.5	867,518	1,987,254	43.7
Washburn	165,209	227,985	72.5	163,162	547,143	29.8
Washington	1,188,089	1,910,616	62.2	1,248,181	2,500,933	49.9
Waukesha	3,338,129	5,216,738	64.0	3,552,151	6,888,528	51.6
Waupaca	488,825	653,507	74.8	530,827	1,057,104	50.2
Waushara	242,585	685,295	35.4	263,674	448,219	58.8
Winnebago	1,445,154	2,163,371	66.8	1,583,838	3,832,724	41.3
Wood	<u>1,284,356</u>	<u>1,451,390</u>	<u>88.5</u>	<u>1,273,390</u>	<u>2,518,773</u>	<u>50.6</u>
Total	\$79,518,237	\$122,799,340	64.8%	\$82,301,632	\$181,440,538	45.4%

* Counties with unspent Youth Aids allocations may carry over to the next year the lesser of either 5 percent of their allocation or their unspent balance. Unspent balances in excess of this amount by up to \$500,000 are re-allocated by the Department to counties with high rates of juvenile arrests.

APPENDIX II

Comparison of Revised to Actual 1998 Youth Aids Allocations

<u>County</u>	<u>Current 1998 Allocation</u>	<u>Revised 1998 Allocation</u>	<u>Percentage Change*</u>
Adams	\$ 210,545	\$ 161,128	(23.5)%
Ashland	211,710	140,959	(33.4)
Barron	463,329	295,205	(36.3)
Bayfield	153,099	83,002	(45.8)
Brown	2,009,512	1,835,452	(8.7)
Buffalo	59,361	66,986	12.8
Burnett	207,346	119,443	(42.4)
Calumet	289,738	179,170	(38.2)
Chippewa	567,282	622,219	9.7
Clark	483,719	205,755	(57.5)
Columbia	357,200	275,153	(23.0)
Crawford	147,144	161,278	9.6
Dane	5,435,287	5,352,259	(1.5)
Dodge	667,577	529,804	(20.6)
Door	203,410	206,618	1.6
Douglas	1,093,877	709,368	(35.2)
Dunn	229,495	216,910	(5.5)
Eau Claire	1,041,739	842,158	(19.2)
Florence	56,262	56,843	1.0
Fond du Lac	911,459	832,972	(8.6)
Forest	71,140	92,418	29.9
Grant	264,755	247,520	(6.5)
Green	233,802	217,968	(6.8)
Green Lake	133,098	120,098	(9.8)
Iowa	168,530	108,486	(35.6)
Iron	46,249	22,956	(50.4)
Jackson	185,193	112,825	(39.1)
Jefferson	626,035	614,780	(1.8)
Juneau	243,602	168,799	(30.7)
Kenosha	3,001,317	2,742,097	(8.6)
Kewaunee	119,020	110,984	(6.8)
LaCrosse	1,252,455	932,630	(25.5)
Lafayette	74,545	71,995	(3.4)
Langlade	387,826	311,490	(19.7)
Lincoln	376,973	232,764	(38.3)
Manitowoc	604,420	751,505	24.3
Marathon	1,463,636	1,350,055	(7.8)
Marinette	514,828	329,236	(36.0)
Marquette	99,835	95,970	(3.9)
Menominee	506,210	206,281	(59.2)
Milwaukee	29,907,705	42,953,743	43.6
Monroe	696,747	366,905	(47.3)

<u>County</u>	<u>Current 1998 Allocation</u>	<u>Revised 1998 Allocation</u>	<u>Percentage Change*</u>
Oconto	\$ 333,420	\$ 208,207	(37.6)
Oneida	528,016	316,318	(40.1)
Outagamie	1,685,004	1,857,464	10.2
Ozaukee	667,402	449,124	(32.7)
Pepin	62,372	78,539	25.9
Pierce	291,558	180,150	(38.2)
Polk	420,625	286,061	(32.0)
Portage	501,760	466,394	(7.0)
Price	147,278	109,630	(25.6)
Racine	4,059,642	5,440,058	34.0
Richland	92,345	100,196	8.5
Rock	3,221,916	3,020,530	(6.3)
Rusk	227,908	105,910	(53.5)
Saint Croix	583,263	305,057	(47.7)
Sauk	475,806	391,069	(17.8)
Sawyer	184,939	148,549	(19.7)
Shawano	523,191	388,730	(25.7)
Sheboygan	1,131,844	1,301,290	15.0
Taylor	201,337	115,320	(42.7)
Trempealeau	122,892	173,093	40.8
Vernon	204,898	136,329	(33.5)
Vilas	271,375	247,683	(8.7)
Walworth	870,569	571,743	(34.3)
Washburn	164,191	90,770	(44.7)
Washington	1,254,094	847,461	(32.4)
Waukesha	3,593,392	2,174,217	(39.5)
Waupaca	526,799	399,126	(24.2)
Waushara	267,946	230,763	(13.9)
Winnebago	1,512,631	1,292,927	(14.5)
Wood	<u>1,277,288</u>	<u>686,582</u>	<u>(46.2)</u>
Total	\$81,182,713	\$87,176,434	7.4%

Note: Counties that would gain funding are shown in bold type.

APPENDIX III

Tommy G. Thompson
Governor

Michael J. Sullivan
Secretary



Mailing Address
149 East Wilson Street
Post Office Box 7925
Madison, WI 53707-7925
Telephone: (608) 266-2471

State of Wisconsin
Department of Corrections

January 6, 1999

Janice Mueller, State Auditor
Legislative Audit Bureau
131 West Wilson Street
Madison, WI 53702

Dear Ms. Mueller:

Thank you for the opportunity to review and respond to the audit of the Youth Aids program. In addition to our congratulations to you and your staff on a job well done, we would like to offer specific responses on two issues which were only briefly mentioned in the report.

We believe the report leaves out a crucial discussion about the cost of non-correctional placement alternatives for youth, particularly the growing amount of Youth Aids and other funds that counties spend on placements in child caring institutions (CCIs). During the 1990's, the proportion of Youth Aids that counties spend on CCIs on average has grown at a faster rate than has the proportion spent on juvenile correctional institutions (JCIs) [see attached Table 1]. Since the inception of Youth Aids in 1980-81, when JCI daily charges were set to be equal to CCIs, in most years CCI placements have cost counties 5% to 15% more per day than JCIs, although today the daily charges are again in rough parity [see attached Table 2]. This would suggest that the JCIs' daily rates have not risen faster than those of the private sector. Further, counties' CCI spending for delinquent youth overall has gone up faster than their use of JCIs. By not addressing the use and cost of alternative placements, the report does not provide a full picture of the pressures on county Youth Aids allocations. Equally important, it does not permit comparisons that would help the reader to judge the reasonableness of state JCI charges.

We also had expected that the report would contain another optional approach to protecting counties from the fiscal impact of JCI rate increases, that of compensatory Youth Aids base increases. As the report briefly notes, until 1996 there had been a statutory requirement that State rate increases must be reimbursed by Youth Aids increases to counties' base allocations. Over time, this statutory provision was the source of most of the Youth Aids base increases that counties received. While not necessarily advocating this option, we believe it is one that merits consideration by the Legislature. It would have been helpful if the report had provided more background on the rate increase law and explained some of the factors for the Legislature in considering this optional approach to addressing Youth Aids.

We appreciate your including this response with the audit report. My staff and I thank you for the courtesy and professionalism your agency has shown throughout the audit process.

Sincerely,

Michael J. Sullivan
Secretary

Table 1
Proportion of Youth Aids Spent on
Selected Out-of-Home Placements for Delinquent Youth:
County Payments to Providers 1991-97

<u>CY</u>	<u>Total Youth Aids</u>	<u>JCI Expenditures</u>	<u>% YA Spent on JCI</u>	<u>CCI Expenditures</u>	<u>% YA Spent on CCI</u>
1991	\$78,619,659	\$25,437,556	32.4%	\$21,135,339	26.9%
1992	\$79,518,237	\$27,426,098	34.5%	\$27,059,991	34.0%
1993	\$80,302,559	\$30,054,712	37.4%	\$28,784,345	35.8%
1994	\$83,343,531	\$36,324,327	43.6%	\$20,165,006	24.2%
1995	\$85,656,291	\$37,954,768	44.3%	\$27,376,094	32.0%
1996	\$80,607,118	\$41,450,305	51.4%	\$40,496,226	50.2%
1997	\$82,301,632	\$41,914,307	50.9%	\$47,987,075	58.3%
Change 1991 to 1997			57.4%		116.9%

Source: DJC Billing Records and County HSRS Reports

Table 2
Comparison of Statutory JCI and CCI Daily Rates
1980-82 and 1987-99

<u>Dates of Service</u>	<u>JCI</u>	<u>CCI</u>	<u>CCI as % of JCI</u>
1/99-6/99	\$159.46	\$163.36	102.4%
1/98-12/98	\$154.94	\$161.79	104.4%
6/97-12/97	\$150.44	\$160.22	106.5%
1/97-6/97	\$133.82	\$157.08	117.4%
7/96-12/96	\$133.82	\$153.98	115.1%
1/96-6/96	\$120.73	\$153.87	127.4%
7/95-12/95	\$120.73	\$147.91	122.5%
1/95-6/95	\$115.68	\$146.07	126.3%
7/94-12/94	\$111.73	\$141.05	126.2%
1/94-6/94	\$108.12	\$141.00	130.4%
7/93-12/93	\$101.55	\$131.65	129.6%
1/93-6/93	\$110.11	\$127.18	115.5%
1/92-12/92	\$108.75	\$124.70	114.7%
7/91-12-91	\$107.95	\$119.94	111.1%
1/91-6/91	\$105.99	\$113.63	107.2%
7/90-12/90	\$105.15	\$110.30	104.9%
1/90-7/90	\$105.15	\$110.30	104.9%
7/89-12/89	\$104.30	\$107.07	102.7%
1/89-6/89	\$94.09	\$103.62	110.1%
7/88-12/88	\$93.85	\$102.08	108.8%
1/88-6/88	\$93.85	\$102.08	108.8%
7/87-12/87	\$93.40	\$99.09	106.1%
1980-82	\$63.58	\$62.63	98.5%