

Juvenile Services Budget: Funding for Current Operations But Not for Significant Reforms

Executive Summary

- The Governor's proposed Fiscal Year (FY) 2009 operating budget for the Department of Juvenile Services (DJS) provides a 12 percent increase that covers shortfalls in expenses for residential costs. Accounting for a \$27.2 million FY 2008 deficiency for DJS, the FY 2009 allowance increases only \$2.5 million over adjusted FY 2008 funding.
- The proposed capital budget includes design funds for one new and one replacement residential center. DJS' five-year plan would replace two more existing centers and build one more new center at a total cost of \$230 million for the five projects.
- Nearly 60 percent of the Department's budget funds residential placements. Substantial new resources for less restrictive, community-based services are not apparent.
- The administration has not released a detailed plan to explain how these facilities fit into a complete continuum of care.
- Advocates for Children and Youth recommends expanding evidence-based practices that expand opportunity for youth and save the state money. This reform model would divert 314 more youth from residential to community programs than DJS' goal. It would save more than \$20 million in the first year which could be re-invested in expanded community services for at-risk youth.



Juvenile Services Budget: Funding for Current Operations But Not for Significant Reforms

Introduction

The Department of Juvenile Services (DJS) received one of the largest Fiscal Year (FY) 2009 operating budget increases, in percentage terms, of any state agency: 12 percent, or a \$30 million increase. The budget also includes \$27 million in deficiency appropriations for shortfalls in the current budget.¹ The capital budget includes \$5.7 million for planning of a replacement detention center and a new residential center for committed youth at Cheltenham. The five-year capital plan includes the construction funds for these projects, replacement detention centers at the Hickey School and Waxter Center, plus another residential committed facility at an undetermined site. The total cost of all five projects, which would not be completed until 2013, exceeds \$230 million.

Sadly, these impressive investments only cover the costs of current operations and the most urgent facility needs and do not seem to provide significant new funding for improved community services or for providing appropriate intermediate levels of service that are now lacking. This is demonstrated by the absence of a meaningful FY 2009 operating budget increase over the operating deficiency for the current year, suggesting that this budget represents a small increase over the current year's true operating cost.

Broadly speaking, the Department provides residential and non-residential, or community, services. Most of the estimated 32,000 young people who are referred to the juvenile justice system never see the inside of a residential facility.

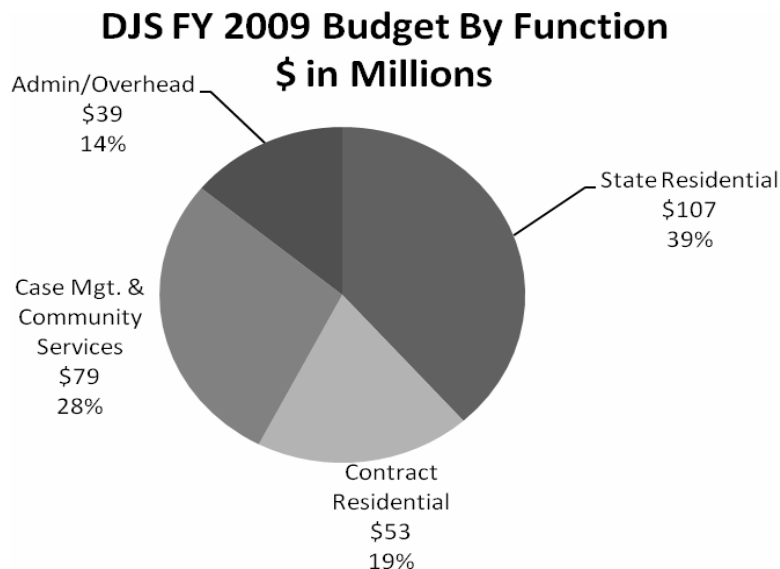
Community Services: All youth committed to the Department receive case management services through their court proceedings, and may receive community supervision or be referred to services. On the average day, less than 11,000 youth are under supervision in the community, compared with about 1,600 in residential placements.

Residential services can be divided into “detention” and “committed” placements:

- **Detention:** Just less than 4,000 youth a year will be confined in a detention center until their court proceeding or an eventual residential placement. On an average day, 385 youth are housed in the State's eight detention centers.
- **Committed:** About 1,500 youth are placed in committed residential programs as a result of their delinquency proceeding. On the average day, there are around 1,300 youth in these placements, which may be state-operated centers, group homes, or other types of residential settings.

FY 2009 DJS Operating Budget

The proposed FY 2009 budget totals \$278 million. Nearly 60 percent of the DJS budget funds residential services to youth in DJS detention centers, DJS centers for committed youth and privately operated residential placements.

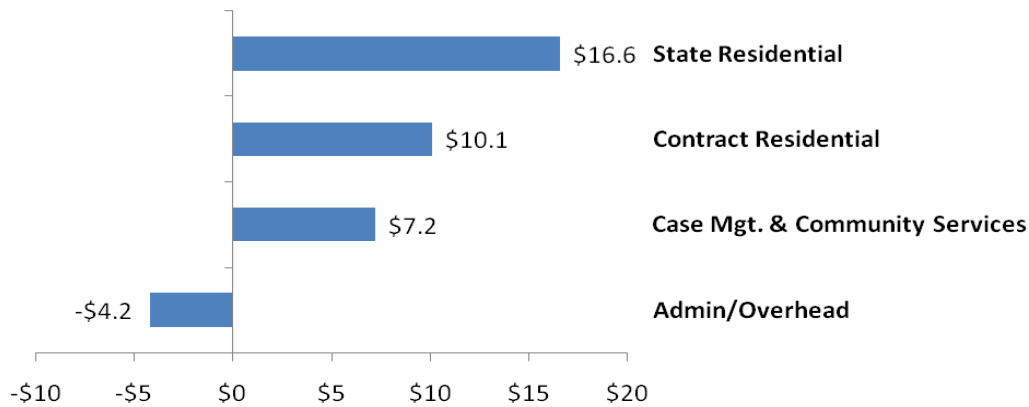


This lopsided spending is all the more astonishing since over 80 percent of youth under DJS custody do not enter residential placement; the 20 percent of youth who end up in residential placements account for nearly 60 percent of total DJS spending. DJS spends the great majority of its resources on the small minority of delinquent youth who end up in a residential setting. On average, this care costs more than \$280 per child per day, while detention alternatives help youth stay in their homes and cost less than \$60 per day.²

Administrative and overhead costs include cross-cutting functions like the agency's information technology infrastructure, building and grounds maintenance, training and quality assurance, inspection and auditing programs, in addition to traditional administration functions such as general direction, personnel management and finance. Together, these functions make up 14 percent of expenditures. Case management and community services include the DJS field offices in every jurisdiction of the State and the funding for various non-residential programs ranging from mentoring to non-residential substance abuse treatment. These functions account for 28 percent of expenditures.

The FY 2009 allowance increases by \$30 million from the FY 2008 appropriation, equating to 12 percent. The state-funded portion of the budget grows even more – \$33 million or 14 percent -- to offset the expected loss of \$3 million in federal funds for housing and treatment expenses. Accounting for the \$27.2 million FY 2008 deficiency for DJS, the FY 2009 allowance increases only \$2.5 million over adjusted FY 2008 funding. Contributing to the overall DJS increase is a large hike in the cost of employee's and retiree's health benefits. These costs increase a whopping \$16.4 million for the Department as a whole and do not pay for additional services for youth.

**Change FY 2009 Allowance From FY 2008 Appropriation
\$ in Millions**



Residential Programs

Ninety percent of the budget growth from the FY 2008 appropriation is attributable to increases in residential program costs. Funding for state-run residential programs increases \$16.6 million, while payments for private residential providers go up \$10.1 million. This increase in state residential expenses is related mostly to a boosted budget for employee overtime to reflect actual overtime expenditures as well as the addition of 75 new state positions to replace contractual employees in facilities and also reflects the first year of full operation for the newly re-opened Victor Cullen Center. The Cullen Center opened early in FY 2008 but operated at a reduced level as youth and staff both phased up to full levels. The administration describes the Victor Cullen Center as the first juvenile facility in Maryland to use a new model of treatment-based and evidence-based services in a small facility. The \$10.1 million increase in contract residential reflects the actual expenditures for youth in private residential facilities – mostly in Maryland, but more than 100 youth placed out-of-state.

Case Management and Community Services

Case Management and Community Services spending totals \$30 million, a boost of \$7.2 million. Of the increase, more than \$4 million goes to employee salary and benefits costs, especially retiree and employee health insurance, and \$3 million goes to community services, related in part to two initiatives announced by Governor O’Malley.

- \$650,000 to expand “Operation Safe Kids,” a program of intensive supervision and monitoring for high-risk juveniles pioneered by the Baltimore City Health Department, in Baltimore City and Prince George’s County.
- Almost \$1 million for Global Positioning System equipment for electronic monitoring of high-risk youth in Baltimore City.

Administration and Overhead/Workforce

The budget for administration and overhead expenses declines by \$4.2 million. This reduction is principally the result of two one-time expenses in the current year which are not repeated in the upcoming year. The first is the cost of renovating the Victor Cullen facility for its re-opening. The second is funding for a comprehensive plan for child-serving agencies which is now underway. As noted, the budget adds 75 permanent positions in three of DJS' largest facilities. Offsetting this increase, 15.2 permanent positions scattered across the agency are eliminated, along with 101 contractual positions (57 of these in residential facilities).

Funding in Other State Agencies

A couple of items are budgeted in other areas of the state budget which affect the Department of Juvenile Services. There is \$1.2 million in the Major Information Technology Development Fund for a new treatment assessment, planning and tracking system. This system is supposed to help DJS develop appropriate treatment plans and improve continuity of care. The Maryland State Department of Education budget includes \$2 million to provide the educational services for the youth at the Victor Cullen Center. The Children's Cabinet Interagency Fund also includes funding, but no increase in money, for delinquency prevention services coordinated through Local Management Boards.

Fiscal Year 2008 Deficiency

The budget includes deficiency appropriations of \$27.2 million for DJS. There are three significant categories.

- \$16 million provides funding to meet the actual costs of youth in private residential facilities, and makes up for a shortfall in federal fund attainment for those placements.
- \$6.6 million provides start-up and initial operating cost for Victor Cullen Center.
- \$4.4 million makes up a shortfall in overtime expenses, principally in state-run facilities.

Improve Safety, Expand Opportunity & Save Money

As the state budget skimps on investing in community services and focuses on building facilities, Maryland misses the chance to expand opportunity for youth, to improve public safety and to save taxpayers' money. Evidence-based practices that divert youth from residential placement achieve better outcomes for youth and their families, reduce re-arrest and crime, and save the state money which can be invested in more services and expand opportunities for more youth.

For those few youth who must be confined, it is imperative that the state invest in quality rehabilitative services and comprehensive aftercare planning to ease their transition back to their homes and communities. Without fully investing in the complete continuum of care for delinquent youth and in services that are proven effective, the State will continue to miss efficiencies and to get poor outcomes for our youth, families, and communities.

Within the juvenile services system, there is little question as to the most effective treatment and services. Youth that stay in their homes and receive intensive services and supports that focus on the youth, as well as the family, have far better outcomes than youth who are placed in group homes, youth centers, and other out-of-home placements. Currently, for youth leaving placement, 51 percent of youth exiting all residential settings and 62 percent of youth leaving secure placements are re-arrested within a year.³ This recidivism data demonstrates that current practice is not working and that smaller facilities alone will not produce positive outcomes.

Pre-disposition

On any given day, DJS has nearly 900 youth awaiting court dates to resolve delinquency matters. These 900 youth are on community detention and/or electronic monitoring (CD/EM), in evening reporting centers, or in shelters or secure detention centers. To keep youth safely in their community, DJS should fully utilize its CD/EM capacity and invest in the creation and expansion of day treatment centers, evening reporting centers, and intensive case management services for pre-adjudicated youth. For youth who are unable to return home, shelter or foster care is recommended. Secure detention should be reserved for youth who pose a high risk of re-offending before trial or deemed likely to not appear for trial. In addition, DJS and the courts should utilize Detention Early Resolution and Pretrial Placement Planning programs to reduce the length of stay for youth in secure detention.

Post-disposition

On an average day, the State has approximately 1,300 youth committed to DJS and placed in non-secure and secure residential placements. This includes the more than 100 youth who are in facilities outside the state. Committed youth should receive services in the least restrictive placement possible. DJS should also more urgently expand evidence-based practices such as Multi-Systemic Therapy, Functional Family Therapy and Multidimensional Treatment Foster Care. In addition, DJS should adapt best practices from other states, such as Missouri and Washington, and should increase its capacity to serve youth in foster homes and therapeutic foster homes rather than group homes.

To improve outcomes for the youth in residential placements, the State should commit resources to ensure that youth are not only in safe and humane environments, but that youth are also supervised by committed, caring, and well-trained staff, receive appropriate rehabilitative services, including counseling, educational assistance, vocational training, and substance abuse/drug treatment, and receive comprehensive aftercare services that prepare them to return to their homes and communities. Evidence-based practices are the key to achieving expanded opportunity for youth and increased savings for the state.

Evidence-Based Practices

Multi-Systemic Therapy (MST) is an intensive intervention offered to youth at risk of removal from the home as well as youth returning to the home from out-of-home placement. The intervention is offered to the entire family and focuses on multiple risk factors. MST gives youth the opportunity to stay in their home and community, graduate and contribute to their community

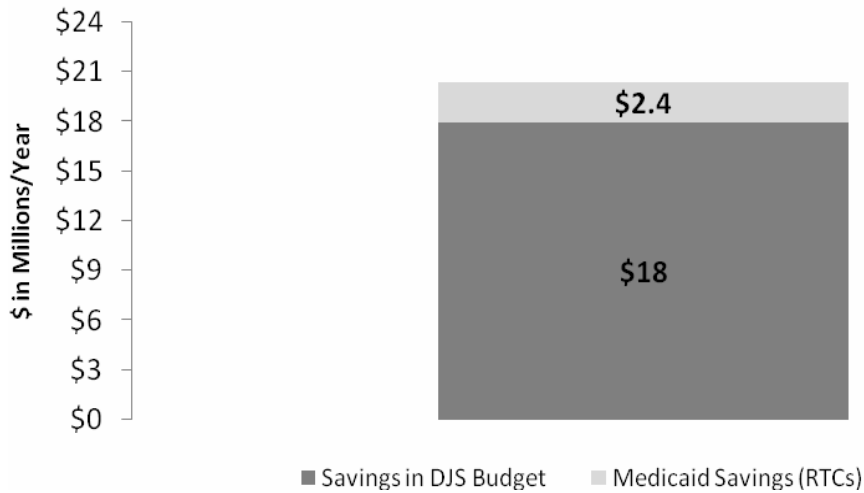
as thriving adults. By offering intensive, time-limited therapy to the youth and their family and addressing multiple factors, MST can break the cycle of detention, prison or death. MST has reduced re-arrests by up to 70 percent and re-placement in out-of-home care by up to 64 percent.⁴ MST has also been shown to help the younger siblings of the referred youth. MST costs about \$10,000 per youth, or up to \$90,000 less than a year in secure detention.⁵

Functional family therapy (FFT) increases the opportunity that at-risk youth can remain in their community and avoid placement in high-cost detention facilities or group homes. The intervention is offered to the entire family and usually includes 8-12 sessions for families with moderate issues and up to 26 sessions for more difficult situations.⁶ FFT can be a valuable respite care tool for kinship care families and enable them to avoid voluntary placement of the adolescent into group care. FFT costs about \$70,000 less than the annual cost of group care.⁷

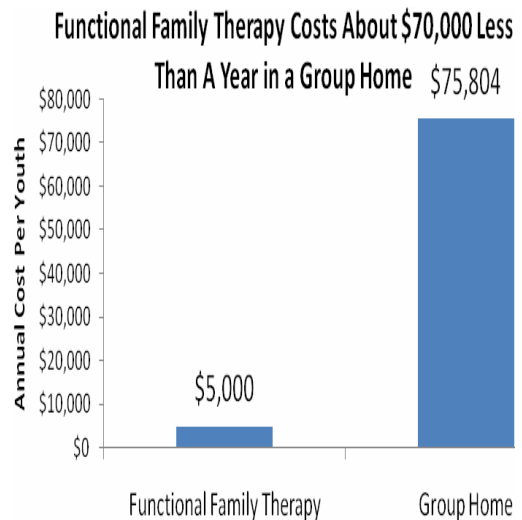
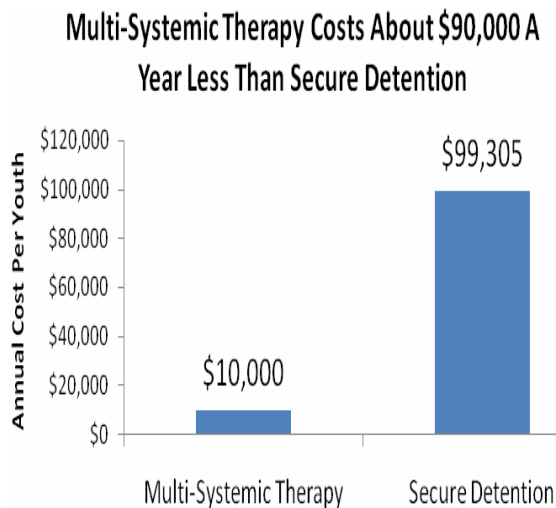
For youth who are removed from the home, Multidimensional Treatment Foster Care (MDTFC) provides a cost-effective option instead of group care or detention. The program provides behavioral and supportive therapy, skills training, and academic support for youth, specialized support to foster parents, and family therapy for birth parents or other caregivers. MDTFC has been shown to reduce re-arrest for youth by half compared to placement in a group home. Youth who receive MDTFC also spend far fewer days in detention than youth who were placed in group care. A 2001 study by the Washington State Public Policy Group found that taxpayers save more than \$21,000 in avoided criminal justice costs for each MDTFC participant.⁸

According to DJS average daily population data from the FY 2009 budget, DJS plans to divert 91 youth from residential settings from the end of FY 2007 to FY 2009.⁹ Advocates for Children and Youth recommends a more robust and immediate expansion of evidence-based practices and estimates that an additional 314 youth could be safely diverted from residential settings by the end of FY 2009.¹⁰ This more urgent pace of reform recognizes the crisis facing youth stuck in secure detention and group homes, expands opportunity for more youth, and would save an additional \$18 million in DJS spending and \$2.4 million in Medicaid spending beyond the DJS reform plan.¹¹

Estimated Savings From Expanding Evidence-Based Practices



MST and FFT take about four months for the family to complete therapy, therefore the related savings occur within a fiscal year and can be invested in that budget in expanding evidence-based practices. So the same-year savings from diverting one youth from secure commitment with MST could pay for MST for nine more youth. The savings from keeping one youth out of group care with FFT could pay for FFT for 14 youth.



Conclusion: The Missing Juvenile Services Reform Program

The proposed budget repairs many long-standing shortfalls in the Department's historic funding level. In particular, it provides adequate funding for the actual level of residential services provided and meets overtime needs in the large detention centers. It also embarks on a building program to replace old detention centers and complete a system of three treatment centers for committed youth. This program should provide a basis for meeting detention needs in modern, humane centers and providing services for the youth with the highest treatment and security needs. But it does not do a lot to fund innovative reforms.

The budget provides some very modest initiatives in community supervision, such as expansion of "Operation Safe Kids" and GPS surveillance of high-risk offenders. These initiatives promote the short-term safety of youth and the public. Unfortunately, there seems to be less focus on the services needed to expand opportunity for delinquent youth to build successful adult lives.

On the capital budget side, the administration's proposal demonstrates a commitment to invest in the juvenile services system but also raises concerns about the overall plan for the system. The replacement of three outdated and ill-suited detention centers is overdue. Since no published system plan is available, we can only base our evaluation on public comments made by the DJS Secretary and other Department officials. The Secretary has stated that the new centers at Cheltenham and Hickey will be smaller than the current facilities and will house male youth from the surrounding regions. Waxter Center in Laurel will house females from all of Central Maryland. The State's five-year capital plan does not include projects to replace outdated detention centers in Rockville and Chestertown. These projects should be scheduled and funded as promptly as possible. The revised Facilities Master Plan from DJS should recognize the need for continually updated assessments of necessary secure beds that take into account the results of evidence-based practices as well as a plan for expanding capacity of these programs.

The system needs effective programs for the majority of youth, starting with alternatives to detention. "Community Detention" is the only detention alternative that is already well established in the state. Maryland has about 550 youth in community detention on an average day, compared to about 400 youth in detention centers.

In between secure residential detention and community detention, the State currently has limited capacity, with only 30 openings in "Evening Reporting Centers" that youth are assigned to attend after school for a program of academic activities, counseling and recreation. These centers keep youth engaged in the risky evening hours without the need to house them overnight or remove them from school. DJS has on average only 64 youth in shelter programs. Many youth awaiting court are not a serious security risk and don't need to be housed in an expensive detention center, but they now lack a safe place to stay. The State needs to invest in additional evening reporting centers and shelters as alternatives to secure detention.

Maryland also needs alternatives to residential programs for committed youth. The research indicates that most kids will have better outcomes if they can receive rehabilitation treatment in their own communities, rather than being sent to a distant residential center.

The State's five-year plan includes two new secure residential facilities for committed youth. Together with the newly re-opened Victor Cullen Center, this would provide a total of up to 144 long-term, hardware secure beds. Without the detailed system plan, it is hard to evaluate this proposal. If the new beds will be filled by youth who would otherwise be in out-of-state facilities, or in detention centers awaiting a bed, the projects might be appropriate. However, the two new centers could result in more hardware-secure beds than needed. Once they are built, some young people who do not require the highest level of security could likely be placed in these locked facilities. The new facilities should be funded, staffed and managed so as to assure youth and staff safety as well as an effective treatment program that includes appropriate aftercare services. The legislature should not approve funding for these committed facilities before the administration releases an overall system plan that demonstrates the need for the proposed number of secure beds and provides appropriate, less-restrictive alternatives.

The proposed FY 2009 DJS budget is an increase from FY 2008 and addresses some long-time deficiencies, noteworthy in the context of a state budget that is very tight overall. The legislature should approve the Governor's allowance without any major reductions.

At the same time, the proposed budget is a disappointment, because it does not make enough investments in meaningful reforms. The next budget for DJS should support a more urgent pace of reform and further increase funding and reallocate resources towards evidence-based practices delivered in community settings, and towards non-residential and less restrictive alternatives.

About the Maryland Budget & Tax Policy Institute

The Maryland Budget & Tax Policy Institute is a nonpartisan research organization that provides timely, accurate, and accessible analysis of state budget and tax issues. In addition to general budget and tax research and analysis, the Institute examines issues affecting vulnerable populations and the important community programs that serve them. For additional information on the Institute, to be added to our e-mail list, or to make a tax-deductible donation, please visit our website at www.marylandpolicy.org.

The Maryland Budget and Tax Policy Institute gratefully acknowledges the Ford Foundation, which provides financial support for the Institute under the foundation's State Fiscal Analysis Initiative. Additional general support for the Maryland Budget and Tax Policy Institute is provided by the Aaron Straus and Lillie Straus Foundation, the Eugene and Agnes E. Meyer Foundation, the Open Society Institute-Baltimore, the Public Welfare Foundation, and from generous individual contributions.

The Institute is a project of the Maryland Association of Nonprofit Organizations, www.marylandnonprofits.org.

About Advocates for Children and Youth

ACY was founded in 1987 by a group of prominent child advocates in Maryland who saw the need for an independent organization to advocate for the needs of the state's children and families in the community, the media and the public policy arena.

ACY's mission has remained unchanged since its founding--to identify problems, to promote policies and programs that improve results for Maryland children in measurable and meaningful ways, and to evaluate the effectiveness of programs and policies for the state's children and youth. In July 2006, ACY launched the Maryland Can Do Better for Children and is working to make Maryland a national model in juvenile justice, child welfare, education, health, economic security and racial equality.

For more information on ACY or the Maryland Can Do Better for Children campaign, please visit our website at www.acy.org

Endnotes

¹ All budget data in this paper are drawn from *Maryland Budget Highlights FY 2009* and *Maryland Operating Budget Volume 3 FY 2009*, published by the Maryland Department of Budget and Management (DBM), detailed budget data provided by the Department of Juvenile Services (DJS), and interviews with staff of DJS and DBM.

² See *DJS Gap Analysis*, Appendix G, available at http://www.djs.state.md.us/pdf/gap/gap_analysis.html.

³ See *Maryland Operating Budget Volume 3 FY 2009*, Department of Juvenile Services, page 715.

⁴ “Blueprints Model Programs – Multi-Systemic Therapy,” Center for the Study and Prevention of Violence, University of Colorado at Boulder, <http://www.colorado.edu/cspv/blueprints/model/programs/MST.html>.

⁵ MST cost from “Maryland Opportunity Compact Governing Agreement For Providing Multi-Systemic Therapy to DJS Youth in Baltimore County,” September 2007, page 2.

⁶ “Blueprints Model Programs – Functional Family Therapy,” Center for the Study and Prevention of Violence, University of Colorado at Boulder, <http://www.colorado.edu/cspv/blueprints/model/programs/FFT.html>.

⁷ Average cost of FFT provided by Family League of Baltimore City staff. For cost of group home, see “Maryland Child Welfare Assessment,” December 21, 2007, Discussion Draft, Casey Strategic Consulting Group, Annie E. Casey Foundation, page 11.

⁸ “Multidimensional Treatment Foster Care: An Evidence-Based Solution for Youth with Behavioral Problems, Their Families and Their Communities,” TFC Consultants, Inc., <http://www.mtfc.com/>.

⁹ See *Maryland Operating Budget Volume 3 FY 2009*, Department of Juvenile Services, page 729.

¹⁰ ACY’s continuum of care model would divert 114 more pre-disposition youth from secure detention with 50 more youth receiving CD/EM, 25 more youth served by evening reporting centers or receiving day treatment services, and about 40 youth diverted through intensive case management or community supervision. For post-disposition youth, ACY’s model recommends decreasing youth pending placement by an additional 53 youth, diverting 136 additional youth from group care, residential substance abuse treatment and residential treatment centers, and diverting 75 additional youth from staff secure or non-secure committed placements. ACY proposes immediately expanding MST and FFT to 200 slots statewide, implementing MDTFC for 12 youth, and placing 10 youth in independent living or proctor care settings, an additional 18 youth in regular foster care and 25 more youth in therapeutic foster care.

¹¹ Savings calculation is based on per diem rates for various service categories and placements. Per diem rates for detention alternatives and most residential settings are found in *DJS Gap Analysis*, Appendix G, December 2004, available at http://www.djs.state.md.us/pdf/gap/gap_analysis.html. For FFT and group care rate, see *supra* note 7. For MST rate, see *supra* note 5. For MDTFC cost, see “Evidence-Based Practices for Delinquent Youth with Mental Illness in Maryland,” Maryland Disability Law Center, January 2007, page 1. The cost of placement for youth in Residential Treatment Centers (RTCs) is funded through Medicaid outside of the DJS budget.