

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

House Bill 1417
Judiciary

(Delegate Zirkin, *et al.*)

Department of Juvenile Services - Reorganization and Regionalization

This bill requires the Department of Juvenile Services (DJS) to serve children in the DJS system by programming that: (1) ensures safety, promotes accountability, and develops competencies; (2) delivers services on a regional basis through at least five operational regions; (3) uses committed facilities that serve no more than 48 children at one time; and (4) uses detention and committed facilities that are geographically, physically, and operationally separate from one another and that do not share common areas.

The bill also requires DJS to designate at least seven operational regions within the State.

Fiscal Summary

State Effect: Significant increase in State operating and capital expenditures to construct and operate new facilities, staff regional operations, and provide performance-based incentives for private providers in FY 2007 and thereafter.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: A region shall include: (1) at least one secure facility used solely for children pending court disposition and children awaiting placement after disposition; and (2) a sufficient number of committed facilities to serve every child in DJS custody from the region. DJS may place a child into a committed facility outside of the child's region

if the department determines that specialized services for the child require the placement in the best interests of the child.

A region can only include a nonpublic facility if DJS determines that the facility meets specified criteria relating to efficiency and effectiveness of care and a demonstrated record of success as measured by standards promulgated by DJS.

DJS may only use a nonpublic facility if the rate used to pay that facility as set by the Interagency Rates Committee incorporates performance-based incentives based on outcomes determined by DJS.

If DJS contracts with a private provider to deliver services in a State facility, the contract must contain performance-based incentives based on outcomes determined by DJS.

DJS must implement step-down aftercare in each region by January 1, 2009. "Step-down aftercare" consists of: (1) a network of programs providing education and rehabilitation; and (2) services and treatment to ease the transition of children from the custody of DJS to homes and communities.

The bill also requires DJS to ensure that each child in the custody of the department receives year-round educational opportunities by January 1, 2009.

Under the bill, the Secretary of Juvenile Services shall adopt regulations to:

- provide for uniform practices and standards for the training of employees at each DJS facility who provide direct care for children; and
- establish uniform practices and standards for the treatment of children at each DJS facility.

Current Law: DJS acts as the central administrative department for juvenile diagnostic, training, detention, and rehabilitation institutions. DJS may establish and operate the facilities that are necessary to diagnose, care for, train, educate, and properly rehabilitate children who need these services. DJS is authorized to contract for the operation of facilities and is not required to operate facilities.

Pursuant to Chapter 396 of 2002, DJS is required to adopt a standard of conduct for its employees and adopt regulations that require programs operated or contracted by DJS to meet certain standards and provide specific services.

Although the Secretary of Juvenile Services has the authority to designate operational regions, it is not required by State law.

DJS may establish and operate facilities necessary to diagnose, care for, train, educate, and properly rehabilitate children who need these services. DJS may also place children in group homes and institutions that are operated by private providers and reimburse the providers for the services. DJS may not, however, place a child in a facility that is not operating in compliance with State licensing laws.

A child who is discharged from a committed residential placement shall receive step-down aftercare for a period to be determined by DJS. Each child in step-down aftercare must receive:

- a step-down aftercare plan;
- supervision by step-down aftercare staff in accordance with the plan;
- educational services; and
- any other services necessary to implement the step-down aftercare plan.

Step-down aftercare plans are individualized plans that propose specific assistance, guidance, treatment, services, and supervision that: (1) prepare the child for reentry into the specific community to which they will return; (2) ensure delivery of services to the child in the community; and (3) monitors conduct in the community to ensure public safety.

Background: DJS is moving towards regionalizing out-of-home programming. Pursuant to Chapter 431 of 2004, DJS contracted with Development Services Group (DSG) to complete a Facilities Master Plan.

In Phase I of the DJS Facilities Master Plan (*Gap Analysis Report*), the State was divided into five operational areas (**Exhibit 1**).

Exhibit 1
DJS Program and Service Areas

- Area I: Baltimore City
- Area II: Baltimore, Carroll, Harford, Howard
- Area III: Allegany, Frederick, Garrett, Montgomery, Washington
- Area IV: Caroline, Cecil, Dorchester, Kent, Queen Anne's, Somerset, Talbot, Wicomico, Worcester
- Area V: Anne Arundel, Calvert, Charles, Prince George's, St. Mary's
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In Phase 2 of the Facilities Master Plan (*Implementation Report*), DJS proposes dividing the State into the following four operational regions (**Exhibit 2**):

Exhibit 2
Implementation Report Proposed DJS Operational Regions

- Region 1: Greater Baltimore (Baltimore City and Baltimore County)
- Region 2: Southern Maryland (Anne Arundel, Prince George's, Calvert, Charles, and St. Mary's)
- Region 3: Western Maryland (Montgomery, Howard, Carroll, Frederick, Washington, Allegany, and Garrett)
- Region 4: Eastern Shore (Cecil, Kent, Queen Anne's, Caroline, Talbot, Dorchester, Wicomico, Somerset, Harford, and Worcester)
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In the *Implementation Report*, DJS recommends that each region contain shelter care, secure detention, and a youth center. The plan recommends 15 projects over 10 years with a total estimated cost for design, construction, and equipment of \$111.8 million. Eleven of the 15 projects involve renovations or replacements for existing facilities.

State Expenditures:

Operational Regions

The bill refers to use of five or seven operational regions. The fiscal impact of this bill would vary depending on the number of regions.

DJS currently delivers services through five operational areas. Altering the system to accommodate seven operational regions will require hiring two additional region directors, administrative staff, and support staff. General fund expenditures could increase by an estimated \$367,780 in fiscal 2007, which accounts for the bill's October 1, 2006 effective date. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Positions	8
Salaries and Fringe Benefits	\$322,470
Operating Expenses	<u>40,210</u>
Total FY 2007 State Expenditures for DJS Additional Regional Staff	\$367,780

Annualized costs in fiscal 2008 would total \$452,072. Future year expenditures reflect: (1) full salaries with 4.6% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

Capacity Limits on Committed Facilities

The bill requires DJS to use committed facilities that serve no more than 48 youth. A number of DJS contract providers exceed this limit. In order to comply with the provisions of this bill, DJS would either have to require the programs listed below to downsize, or would have to seek alternative providers.

<u>Program</u>	<u>Number of Youth as of February 15, 2006</u>
Thomas O'Farrell Youth Center	49
Morning Star Youth Academy	52
Bowling Brook Preparatory School	106

DJS advises that other programs which accept referrals from other agencies and/or other states also enroll more than 48 youth in total. The availability of these programs for DJS youth would also be affected by the bill.

The cost of shifting youth from programs that enroll more than 48 youth to programs that comply with the capacity limits of the bill depends on the cost of the new programs. Smaller facilities may tend to have higher costs and charge higher per-diem rates. There are insufficient data at this time to reliably estimate the amount of this expenditure increase.

Complete Separation of Detention and Committed Facilities

Waxter Center houses detained female youth and a small committed population.

Significant increases in State expenditures would be incurred due to the construction and operation of new populations in order to achieve complete separation of the detention and committed populations at this location. *For illustrative purposes only*, according to the 10-Year Capital Improvement Plan Schedule proposed by DSG in the *Implementation Report*, a 30-bed youth center would cost approximately \$4.2 million to design, construct, and equip. DSG estimated annual operating costs for this facility at approximately \$1.5 million.

Facility Requirements for Each Region

- One Detention Center Per Region

DJS currently operates eight detention centers. The seven regions could be mapped out in order to accommodate this requirement.

- Each Region Must Have Appropriate Facilities to Serve Youth in the Region. Committed Placements Outside of Region Only for Specialized Services in Best Interest of the Child.

The Facilities Master Plan found the following shortages in the four proposed regions:

	<u>Region 1</u> <u>Central</u>	<u>Region 2</u> <u>Southern</u>	<u>Region 3</u> <u>Western</u>	<u>Region 4</u> <u>Eastern</u>
Nonsecure		-40		-29
Youth Centers	-65	-35		-27
Secure Committed		-15	-17	-7
Group Home				-6
Substance Abuse		-26		

In order to adhere to the 48-bed maximum capacity requirement of this bill, several new facilities would be needed. The number of facilities depends on the configuration of the

seven regions. State expenditures could increase significantly to construct and operate the new facilities. DJS advises that the needs for the secure committed population could be considered a specialized service and be provided on a multi-region or statewide basis.

Per-diem Contracts with Performance-based Incentives

While DJS currently uses performance incentives for competitive contracts, it does not use them for providers with rates established through the Interagency Rates Committee process. DJS estimates that based on previous experience with the competitive procurements, the incentives would be 1% of the base contract, and 50% of the providers might earn the incentive awards. This would result in annual increased expenditures of approximately \$150,000.

Step-down Aftercare in Each Region

DJS currently provides step-down aftercare in each region.

Year-round Education Opportunities for Each Child in Custody

DJS currently meets this requirement.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Juvenile Services, Maryland State Department of Education, Department of Legislative Services

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nas/rhh

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