

This document contains

1. The Jan. 30, 2013, JBC Staff document presenting Department of Human Services Supplemental #11, Realignment of the Division of Youth Corrections.
2. A Feb. 5, 2013 memo to the JBC revising the staff recommendation for the Realignment supplemental.

**COLORADO GENERAL ASSEMBLY  
JOINT BUDGET COMMITTEE**



**SUPPLEMENTAL REQUESTS FOR FY 2012-13**

**DEPARTMENT OF HUMAN SERVICES**

**(Division of Youth Corrections)**

**JBC Working Document - Subject to Change  
Staff Recommendation Does Not Represent Committee Decision**

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January 30, 2013**

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<b>Non-prioritized Supplementals</b>		
None	N.A	N.A
Totals for All Supplementals	N.A.	27

## Prioritized Supplemental Request

### Supplemental Request, Departmental Priority # 11 Realignment of the Division of Youth Corrections

Department of Human Services (Most adjustments are to the Division of Youth Corrections)	Previously Approved	Department Request	New Staff Recommendation
<b>Total</b>	<b><u>(\$4,007,807)</u></b>	<b><u>(\$6,390,665)</u></b>	<b><u>(5,324,800)</u></b>
FTE	0.0	(6.7)	(6.7)
General Fund	(3,633,563)	(5,680,376)	(4,690,661)
Reappropriated Funds (from HCPF)	(197,173)	(281,580)	(233,637)
Federal Funds	(177,071)	(428,709)	(400,502)
Net General Fund	(3,732,149)	(5,821,166)	(4,807,479)

Department of Health Care Policy and Financing	Previously Approved	Department Request	New Staff Recommendation
<b>Total</b>	<b><u>(\$197,173)</u></b>	<b><u>(\$281,580)</u></b>	<b><u>(233,637)</u></b>
General Fund	(\$98,587)	(\$140,790)	(116,818)
Federal Funds	(\$98,586)	(\$140,790)	(116,819)

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]	YES
The supplemental request states that this request is due to a “significant change in cost due to a [decrease] in caseload projections.” JBC staff believes that this request is the result of <i>data that was not available when the original appropriation was made</i> .	

Staff received this request on Wednesday, Jan 23 at 4:45 PM.

A closely related, staff-initiated supplemental titled “Commitment Population Adjustment” was presented to the Committee on Friday, January 18, 2013. At that time, the Committee approved the amounts shown above in the “Previously Approved” columns.

This supplemental would reduce appropriations to the Department of Health Care Policy and Financing for the line item titled *Department of Human Services Medicaid-Funded Programs, Division of Youth Corrections - Medicaid Funding*.

**This request requires separate legislation:** This legislation would reduce the detention bed cap for juveniles from 422 beds to 382 beds effective April 1, 2013. The bill would need to be signed by the Governor by April 1, 2013. The bill would need a safety clause so that it would be

effective by April 1 and would include some of the supplemental appropriation adjustments associated with this request.

**Staff recommends putting changes approved today in the detention cap bill:** If the Committee decides to carry a bill to change the detention bed cap and approves changes to appropriations previously approved, Staff recommends that the Committee leave the appropriations in the Department of Human Services supplemental bill unchanged and include the approved changes in the detention cap bill. Then, if the detention cap bill becomes law, the resulting appropriation will equal the sum of the appropriation in the supplemental bill and the appropriation in the detention cap bill, which will equal the desired result.

**Department Request:** Recent detention and commitment population forecasts for the Division of Youth Corrections (DYC) are significantly lower than the forecasts on which the FY 2012-13 Long Bill appropriations to the Division were based. The Department of Human Services requests that its FY 2012-13 appropriations be adjusted downward by a corresponding amount. Appropriations to the Department would be reduced by \$6.4 million total funds, including a reduction of \$5.7 million General Fund and 6.7 FTE. A \$140,790 reduction for the Department of Health Care Policy and Financing is also requested. The reductions for the Department of Human Services are detailed in the table below.

**FY 2013-14 implications.** This supplemental is linked to a budget amendment that reduces the DYC’s FY 2013-14 request by \$8.8 million, as shown in the following table. The FY 2013-14 budget amendment will be considered during figure setting for the DYC, but the Committee should be aware that many of the changes requested for FY 2012-13 should not be approved unless the Committee plans to approve much of the request for FY 2013-14.

Requested Funding Change for	Total Funds	General Fund	Reapprop Funds	Federal Funds	Net General Fund	FTE
FY 2012-13	(\$6,390,665)	(\$5,680,376)	(\$281,580)	(\$428,709)	(\$5,821,166)	(6.7)
FY 2013-14	(\$8,801,498)	(\$8,057,714)	(\$299,136)	(\$444,648)	(\$8,207,282)	(27.3)

**Requested reinvestment of savings.** The Department proposes that a portion of the Net General Fund savings from this supplemental and budget amendment be used for improvements to the DYC and the Division of Child Welfare. This request includes \$115,826 of spending by the DYC that is labeled “reinvestment,” but this amount is an integral part of the request, so Staff does not consider it to be a true reinvestment. Staff understands that a reinvestment proposal involving the Division of Child Welfare will be forthcoming later.

**Staff Recommendation:** Staff recommends that the Committee reduce the FY 2012-13 DYC appropriation by a total of \$5,324,800 and 6.7 FTE, including \$4,807,479 Net General Fund as shown in the New Staff Recommendation column of the above table. Staff also recommends that the appropriation to the Department of Health Care Policy and Financing be reduced by a total of \$233,637 as shown in the New Staff Recommendation column of the above table.

**Staff further recommends that the Committee carry a bill to lower the detention bed cap from 422 to 382 beds.**

**Staff Analysis:**

**Background on Youth Corrections:** The Division of Youth Corrections oversees youth between the ages of 10 and 21 who have been detained, committed, or paroled.

- **Detained youth** are in the Division’s physical custody but not legal custody. Most detained juveniles have been arrested but have not yet been adjudicated. Youth who have been adjudicated can also be sentenced to up to 45 days in detention.
- **Committed youth** are those youth who have been convicted of a crime in juvenile court, and their legal custody has been transferred to the Division.
- **Paroled youth** are those who have been committed to the Division’s custody and are later released into the community with oversight by the Division. Parole must be approved by the Juvenile Parole Board.

**The detention bed cap and S.B. 91-94.** The demand for detention beds grew swiftly from the late 1980’s until the end of 1990’s. Actions by the General Assembly to fund alternatives to secure detention and to cap the number of secure detention beds helped to change this trend. Senate Bill 91-94 provided authorities with alternatives to secure detention, including electronic monitoring and day treatment, which helped to reduce the growth. Senate Bill 03-286 established a ‘cap’ or limit of 479 on the number of state-funded detention beds. Senate Bill 11-217 lowered the cap to 422 in recognition of further declines in the detention population. Each of the State’s 22 judicial districts is allocated a portion of the capped beds.

During figure setting, an important determinant of appropriations for the DYC is the number of committed and paroled juveniles that the Division is expected to serve during the upcoming fiscal year. Appropriations also depend upon the detention bed cap, which determines the number of detention beds that the department must make available at all times. The DYC maintains that it must employ sufficient staff and maintain sufficient facilities to supply this number of beds, even though peak usage may only occasionally approach the cap. Hence, detention-related appropriations can only decline if the cap is reduced.

The population of committed youth and the population of paroled youth are both decreasing. The December 2012 forecasts issued by Legislative Council Staff (LCS) and by the Division of Criminal Justice (DCJ, which is in the Department of Public Safety) both project lower commitment and parole populations than were forecast in December 2011. The following table summarizes the differences between the current forecasts and last year’s forecasts:

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	<b>Combined forecast of the paroled youth population*</b>	<b>Combined forecast of the committed youth population*</b>
Forecast available when FY 12-13 Long Bill was set	372.4	970.7
Updated forecast now available	324.5	848.3
Increase (Decrease) since last year	(47.9)	(122.4)
* <i>Combined forecast = average of the Legislative Council Staff forecast and the Division of Criminal Justice forecasts. The Committee used the Combined forecast of the Committed Youth Population to set a key FY 2012-13 Long Bill appropriation for DYC.</i>		

The DYC’s request does not address the decline of the projected parole population. When asked why, the Division stated that its parole budget has been reduced substantially in recent years and it does not believe that further reductions are warranted.

**Facilities.** The DYC directly operates 10 facilities, all of which are “secure,” meaning that they are designed to prevent escape with locked doors, fencing, and perimeter inspections:

- 2 commitment-only facilities (including Lookout Mountain, which the Committee visited in September),
- 4 detention-only facilities, and
- 4 facilities that house both detained and committed youth. Each of these facilities also performs initial assessments of juveniles newly committed to the DYC. These assessments determine a youth's classification and risk level, as well as appropriate services, placement, and programming. Assessment takes approximately three weeks.

The Division also contracts with non-state entities that house and provide services to committed youth and to a small number of detained youth. Two of these contract facilities are “secure,” with locked doors, fencing, and perimeter inspections. A dozen other contractors provide “staff secure” residential programs with an intermediate level of security: there are no fences or locks, but there is close staff supervision. (Ridge View, which the Committee visited in the fall of 2011, is the largest example.) Approximately 35 more contractors offer facilities with a lower level of security. The secure facilities house youth with a higher risk of escape, violence, and mental health needs, and youth who have committed aggravated crimes.

**Summary of the Department's Request**

This is a multi-part request. The following table summarizes the request components and the staff recommendations and comments concerning these components. These components are presented in more detail later.

<b>Summary Table</b>	
<b>Request Component</b>	<b>Staff explanation, recommendation, comment</b>
1. The request is based on the December 2012 Legislative Council Staff (LCS) forecast of juvenile criminal justice populations.	<b>Staff believes it is reasonable</b> to use the LCS forecast even though appropriations for the FY 2012-13 Long Bill were based on an average of the DCJ and LCS forecasts. An analysis of prior DCJ and LCS forecasts shows that averaging the two does not improve forecast accuracy. DYC based its request on the December LCS forecast because that forecast was available before the DCJ forecast. The LCS and DCJ forecasts are similar for FY 2012-13. <b>Staff recommends that the</b>

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<b>Summary Table</b>	
<b>Request Component</b>	<b>Staff explanation, recommendation, comment</b>
	<b>Committee adopt the LCS forecast for this supplemental.</b>
<p>2. Reduce by 70 the number of state-provided commitment beds, effective April 1, 2013.</p> <p>Budget impact: see Pod Closures below.</p>	<p><b>Staff believes this is reasonable</b> given the continuing decline of the commitment population. With this reduction, in FY 2013-14, 41% of committed juveniles will be in state commitment beds and 59% will be in contract beds, a ratio that is consistent with practice in the mid 1990's. The ratio also accords with the results of DYC testing, which indicates that about 40 percent of committed youth need secure placement.</p>
<p>3. Reduce the detention bed cap by 40 beds from 422 to 382 beds, effective April 1, 2013, which requires a bill.</p> <p>Budget impact: see Pod Closures below.</p>	<p><b>Staff believes this is reasonable</b> given the continuing detention population declines. <b>Staff recommends that the Committee carry the detention bed cap bill.</b> A 382 bed cap is well above current average usage, so Judicial districts should have little difficulty adapting. The lower cap allows DYC to close 39 state beds and one contract detention bed.</p>
<p>4. Close 5 "pods" (i.e. living units) that house detained and committed youth in DYC facilities.</p> <p>Budget impact:  FY12-13: (\$403,000) GF, -7.7 FTE  FY13-14: (\$1.6 mil) GF, -31.0 FTE</p>	<p><b>Staff believes this is reasonable and recommends the requested supplemental adjustment,</b> noting that:</p> <ol style="list-style-type: none"> <li>a. If DYC closes a few beds in a given facility, it saves little or nothing; a half-empty pod requires as many staff as a full pod.</li> <li>b. In order to generate significant savings, DYC must close at least a pod, which releases the staff associated with that pod. This request closes 109 detention and commitment beds and the beds can be distributed among facilities so as to allow 5 pods to close. At each pod, one 24/7 post is eliminated, which equates to 5.0 FTE. In addition, another 6.0 FTE who fill other posts are eliminated.</li> <li>c. Savings are largest when DYC closes a complete facility. There may also be non-monetary gains when low-performing facilities close. However, some research suggests that big congregate-care facilities are less effective than small facilities, so it may be counterproductive to enlarge one facility in order to close another. The DYC proposal closes 109 beds, which is more than the number of beds at 7 of DYC's 10 facilities, but the beds are not concentrated at one facility, so a facility closure is not possible.</li> </ol> <p>DYC faces numerous constraints that limit its ability to concentrate bed closures in one facility (no mixing of sexes, minimal mixing of detained and committed youth, limited mixing of juveniles of different ages, desire to maintain a wide geographic presence to keep youth close to families and to serve judicial districts statewide). Staff spoke with DYC about alternative bed closure configurations and, with some reservations, concludes that there is no possibility of closing Gilliam (high cost, dangerous), Zeb Pike (small), or other facilities.</p>
<p>5. Consolidate 3 Front Range juvenile assessment programs in Denver and provide transportation for juvenile offenders who are being assessed and for their families.</p> <p>Budget impact:  FY12-13: (\$220,000) GF, (3.8) FTE  FY13-14: (\$884,000) GF, (15.3) FTE</p>	<p><b>Staff believes this is reasonable and recommends the requested supplemental adjustment.</b> Consolidation produces direct savings by eliminating assessment staff, and indirect savings by shifting youth who are being assessed in Greeley and Colorado Springs to Mount View in Denver, which allows at least one more pod closure than would otherwise be possible. The downside is the creation of transportation units for juveniles and families, which creates a direct cost of operating the units and a nonmonetary cost of increased separation of committed youth from their families during their first month of commitment, a time when they may be especially vulnerable.</p> <p>Since consolidation allows at least one more pod closure, it may be appropriate to say that the net savings from this item is actually \$311,000 higher.</p> <p>Staff considered reducing appropriations to the transportation units, and the Committee could certainly do so, but decided against it out of concern over the</p>



*JBC Staff Supplemental Recommendations: FY 2012-13*  
*Staff Working Document – Does Not Represent Committee Decision*

<b>Summary Table</b>	
<b>Request Component</b>	<b>Staff explanation, recommendation, comment</b>
	non-monetary costs reductions may impose on committed youth and families. <i>The transportation component of this item should be reexamined next year to determine whether usage justifies the requested appropriation.</i>
6. Reduce payments to contractors who provide commitment and deferral beds for youth. They will receive fewer clients.  <b>Request</b> budget impact: FY12-13: (\$5,821,166) Net GF FY13-14: (\$8,207,282) Net GF <b>Recommendation</b> budget impact FY12-13: (\$4,807,479) Net GF	<b>Staff recommends an alternative appropriation adjustment.</b> Juveniles who cannot be placed in DYC beds must be placed in bed provided by private contractors. The payment for the bed comes from the DYC. Staff believes that the Division is too optimistic about its ability to house committed youth during FY 2012-13, especially following the closure of 70 commitment beds on April 1, 2013. Staff believes that the Department will have to sent 17.5 more juveniles to private placements than the Department thinks. If the Committee approves the Department's request, staff believes that the DYC will have to fill itself to more than 100% of capacity for several months during FY 2012-13 .
7. Convert Contract Staff to State FTE  Budget impact: FY12-13: +4.8 FTE FY13-14: +19.0 FTE	Pursuant to state personnel rules, DYC requests that 21 contract positions (19.0 FTE equivalents) at its Lookout Mountain facility be converted to State FTE positions starting April 1. These contract positions have existed for two decades and may have violated state personnel rules regarding outsourcing from the outset. Whether or not they did, a Staff review of relevant outsourcing rules in Section 24-50-503 and 504, C.R.S., strongly suggests that the contracts violate statute. As a consequence, <b>Staff recommends that the Committee approve the Department's request.</b>
8. Three Year Capacity Study  Budget impact: FY12-13: \$0 FY13-14: (\$100,000)	<b>JBC staff will address this request at figure setting.</b>  DYC proposes to contract with an outside consultant to evaluate the trends in committed, detained and paroled populations in order to assist in future strategic planning.

The following table presents the fiscal components of the request in a concise format.

<b>Change</b>	<b>Expenditure Impact (Total)</b>			
	<b>FY 2012-13</b>		<b>FY 2013-14</b>	
	<b>Amount</b>	<b>FTE</b>	<b>Amount</b>	<b>FTE</b>
4. Pod Closures (i.e. bed closures)	(402,928)	(7.7)	(1,629,316)	(31.0)
5a. Consolidation of three Front Range assessment centers	(336,272)	(5.1)	(1,337,052)	(20.3)
5b. Transportation Unit for Assessment and Family Engagement	115,826	1.3	453,023	5.0
6. Contract Placements	(\$5,767,291)	0.0	(\$6,388,153)	0.0
7. Conversion of Contract Staff	0	4.8	0	19.0
8. Three Year Capacity Study (FY 2013-14 only)	0	0.0	100,000	0.0
<b>Total</b>	<b>(\$6,390,665)</b>	<b>(6.7)</b>	<b>(\$8,801,498)</b>	<b>(27.3)</b>

**The remainder of this document discusses in detail the items presented in the Summary Table.**

**(Summary Table Item 2) Reduce by 70 the number of state-provided commitment beds.** In light of the projected decline of the commitment population, the DYC proposes to reduce its own commitment bed capacity by 70 beds from the current level of 394 beds to 324 beds, effective April 1, 2013.

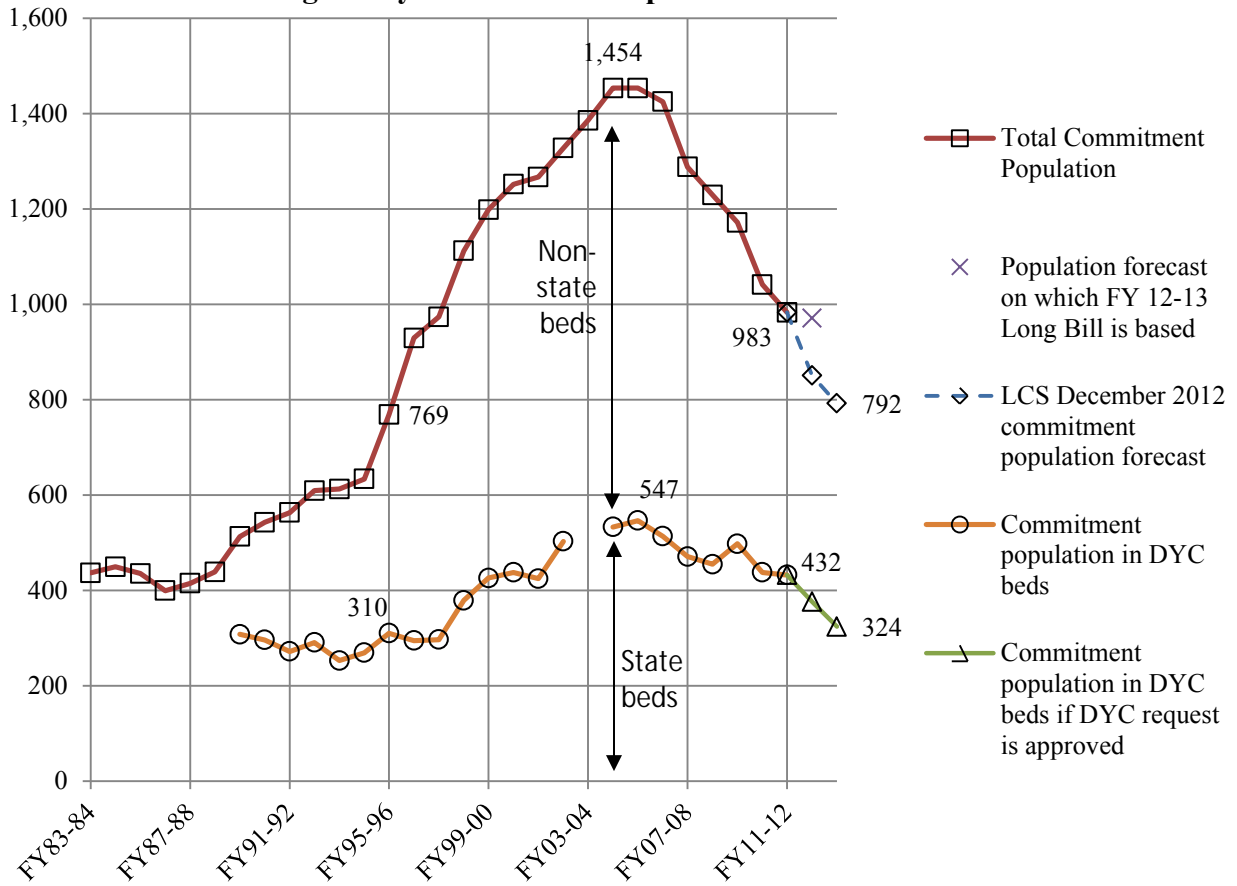
Before examining this proposal in detail, it's useful to compare the resulting distribution of the commitment population with the distribution in past years. The following diagrams show the number of state commitment beds and total commitment beds since the early 1980's. The gaps in the graph lines reflect data that was not available when the graphs were constructed.

The top line in the following graph, which peaks at 1,454 and then declines to 983 in FY 2011-12, shows the total commitment population. The dashed line starting at 983 represents the population projection issued by Legislative Council Staff (LCS) in December 2012. This diagram shows that the number of state beds has been generally declining since the peak of 547 in FY 2005-06, with a jump in FY 2009-10 that reflects the decision to operate state facilities at more than 100 percent of their rated capacity for two years. The Division returned to normal operations in FY 2011-12. The declines also reflect the FY 2011-12 closure of the Sol Vista facility (20 beds) and the closure of one pod in the Marvin Foote facility (20 beds).

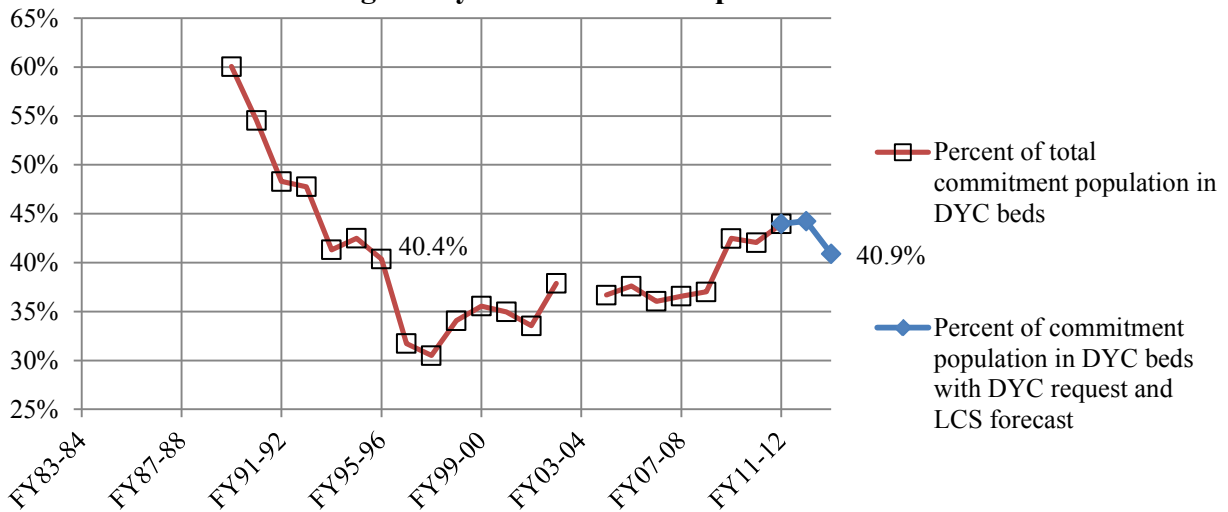
The second diagram below shows the percentage of committed youth who are in DYC beds, a percentage that exceeded 40 percent before FY 1995-96, but then remained below 40 percent for more than a decade due to rapid growth of the committed population, which outpaced the growth of state capacity.

Together the two diagrams show that the DYC request would, by FY 2013-14, result in a situation similar to FY 1995-96, when 40.4 percent of the committed population of 769 was in state beds. Staff concludes that a 40 percent target is generally consistent with past state practice.

**Average Daily Commitment Population and  
 Average Daily Commitment Population in DYC Facilities**



**Percent of Average Daily Commitment Population in DYC Facilities**



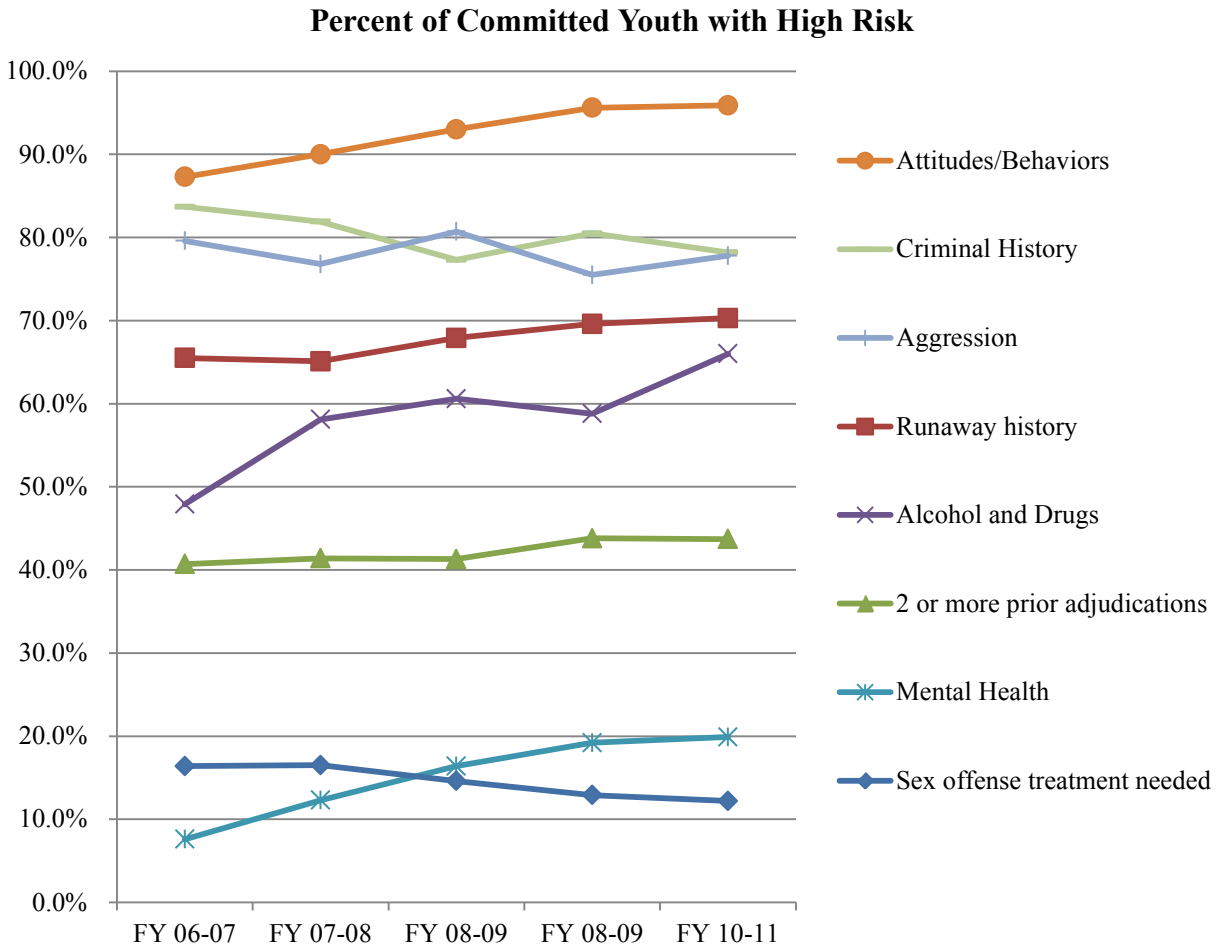
**Should DYC reduce its share of commitment beds by a larger amount?** The Division operates almost all the secure beds in the state and it argues that it cannot safely place

- violent youth,
- aggravated juvenile offenders,
- youth with severe drug/alcohol treatment needs,
- youth with severe mental health needs, and
- youth who have consistently failed in previous community placements

in non-secure settings. It also states that the Division's secure State-operated facilities serve as a safety net within the commitment system. Private programs can refuse a referral or can terminate a difficult youngster, leaving the Department as the last resort.

The DYC indicates that it has completed an analysis of youth profile factors to determine the overall need for secure commitment capacity and it estimates that 40 percent of the total committed population needs secure placement. (It does not follow, however, that the secure placements have to be in government owned facilities. Though in Colorado very few secure non-governmental placements are available.)

The DYC has also noted evidence that the shrinking population of committed youth includes an increasing portion of youngsters with high risk and high needs, which may imply an increased need for secure placement. The following diagram shows generally, but not uniformly, increasing risk levels over period from FY 2006-07 to FY 2010-11, the latest year for which data is available.



Staff concludes that a 40 percent target for NYC-operated beds is reasonable.

**(Summary Table Item 3) Introduce a bill to reduce the Detention bed cap by 40 beds from 422 beds to 382 beds, effective April 1, 2013.** Staff recommends that the Committee carry this legislation. The bill would need to be signed by the Governor by April 1, 2013 and would need a safety clause so that it would be effective by April 1. The bill would include many of the appropriations associated with this supplemental.

The following diagram illustrates the rapid growth and subsequent decline of the detention population since the mid 1980's, along with the detention bed cap, which was introduced by S.B. 03-286 and reduced by S.B. 11-217. Both were JBC bills.

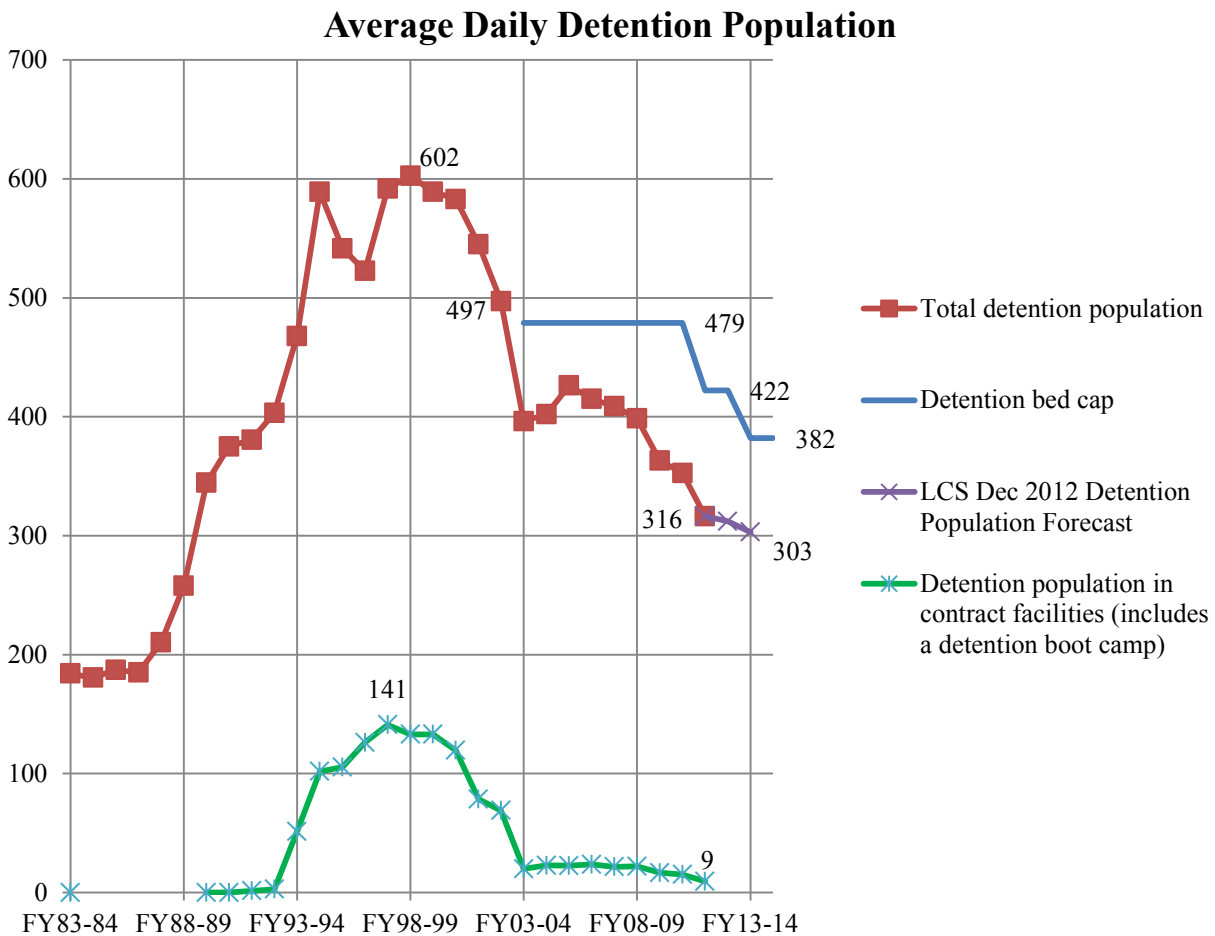
When the detention bed cap was added to statute in FY 2003-04, it established a limit that was 18 beds lower than the actual FY 2002-03 average bed usage of 497. Thus it was not surprising that many judicial districts reported adjustment difficulties as they learned to live within a tight limit. There were far fewer difficulties when the cap was cut to 422 beds for FY 2011-12, a limit that was 69 beds higher than the 353 average bed usage for FY 2010-11. If the General Assembly reduces the cap to 382 beds for FY 2013-14, this limit will be 70 beds above the

expected average usage of 312 for FY 2012-13. On this basis alone, Staff believes that judicial districts can accommodate a 322 bed cap with relatively little difficulty.

The DYC has also surveyed stakeholders in judicial districts, asking whether the districts can handle the lower cap. Based on feedback received, the Division concludes that the cap can be reset at 382.

**How does a lower detention bed cap reduce appropriations?** The bed cap determines the number of detention beds that the department must make available at all times. The Department maintains that it must staff for these beds even if a substantial number remain empty much of the time. Detention-related appropriations can be reduced if the cap is reduced.

Before moving on, note that the following diagram shows that almost all of the state’s detention beds are now provided by the state, but the DYC made substantial use of contract detention beds in the period from FY 1993-94 to FY 2002-03.

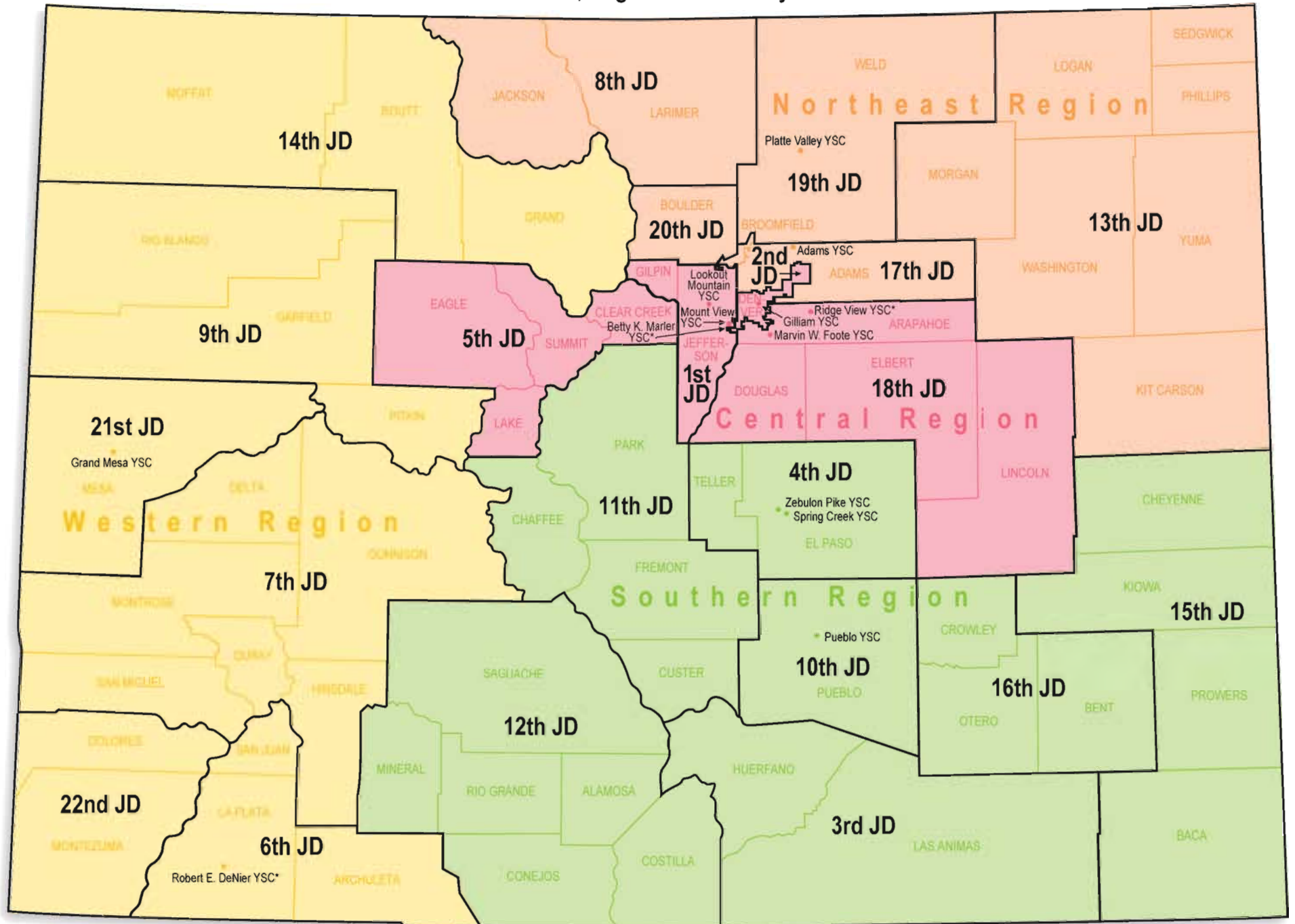


**(Summary Table Item 4) Pod Closures.** The reductions of 109 detention and commitment beds will be distributed among facilities so as to allow 5 pods to close. The following table titled *Planned Changes of the Distribution of Beds Among DYC Facilities*, shows the combined effect

of the commitment bed reduction, the detention bed reduction, and the consolidation of Front Range assessment resources in Denver. As the table shows, the resulting savings for FY 2012-13 are \$402,928 and 7.7 FTE while the FY 2013-14 savings equals \$1,629,316 and 31.0 FTE. At each pod, one 24/7 post is eliminated, which equates to 5.0 FTE. In addition, another 6.0 FTE who fill other posts are eliminated.

As noted in the Summary Table, DYC faces numerous constraints that limit its ability concentrate bed closures in one facility, such as no mixing of sexes, minimal mixing of detained and committed youth, limited mixing of juveniles of different ages, desire to maintain a wide geographic presence to keep youth close to families and to serve judicial districts statewide.

Colorado Department of Human Services—Division of Youth Corrections  
 Judicial Districts, Regions and Facility Locations





## Planned Changes of the Distribution of Beds Among DYC Facilities

This table shows how the DYC plans to (1) Reduce by 70.0 (= 57.0 + 13.0) the number of state-provided commitment beds, (2) Reduce by 39.0 the number of state-provided detention beds (following passage of a bill to lower the detention bed cap by 40 beds), and (3) Consolidate Front Range assessment beds in the Mount View facility in Denver.  
The amounts in the "FY 13-14 Saving" and "FTE Change" column are the savings from pod closures and do not include the saving from consolidation of assessment beds.

State Facility	Location	Sex	Region	Current Bed Capacity			Requested Bed Change Effective April 1, 2013			New Bed Capacity Effective April 1, 2013			Close One Pod with	FY 13-14 FTE Change	FY 13-14 Saving*	Bed Change
				Detention	Regular Commitment	Assessment Commitment	Detention	Regular Commitment	Assessment Commitment	Detention	Regular Commitment	Assessment Commitment				
1 Adams	Brighton	MF	Central	25.0												0.0
2 Gilliam	Denver	MF	Central	64.0												0.0
3 Grand Mesa	Grand Junction	MF	Western	29.0	32.0	8.0				29.0	32.0	8.0				0.0
4 Lookout Mountain	Golden	M	Central		150.0			(20.0)			130.0		20 beds	(7.0)	(\$385,989)	(20.0)
5 Marvin W. Foote	Englewood	MF	Central	80.0			(19.0)			61.0			20 beds	(6.0)	(\$310,832)	(19.0)
6 Mount View	Denver	MF	Central	51.0	47.0	22.0	(10.0)	(37.0)	18.0	41.0	10.0	40.0	12 beds	(6.0)	(\$310,832)	(29.0)
7 Platte Valley	Greeley	MF	Northeast	69.0	39.0	19.0	(5.0)		(19.0)	64.0	39.0		20 beds	(6.0)	(\$310,832)	(24.0)
8 Pueblo	Pueblo	MF	Southern	26.0						26.0						0.0
9 Spring Creek	Colorado Springs	MF	Southern	61.0	29.0	12.0	(10.0)		(12.0)	51.0	29.0		20 beds	(6.0)	(\$310,832)	(22.0)
10 Zebulon Pike	Colorado Springs	M			36.0						36.0					0.0
Add five detention beds elsewhere							5.0			5.0						5.0
<b>Total</b>				<b>405.0</b>	<b>333.0</b>	<b>61.0</b>	<b>(39.0)</b>	<b>(57.0)</b>	<b>(13.0)</b>	<b>366.0</b>	<b>276.0</b>	<b>48.0</b>		<b>(31.0)</b>	<b>(\$1,629,316)</b>	

\*Savings for FY 2012-13 equals \$402,928 and 7.7 FTE.

**(Summary Table Item 5a) Consolidate Three Front Range Assessment Centers.** The DYC conducts a comprehensive evaluation of each committed youth shortly after he or she arrives. This evaluation assesses each juvenile's individualized treatment needs and includes evidence-based evaluations that are reviewed by interdisciplinary teams. The team is primarily comprised of the youth, the family, the assessment specialist, the educational diagnostician, and the Client Manager. Participation of the family is considered very important; in recent months 78 percent of families or extended families have participated.

The assessment generates information on security classification, criminal risk areas, mental health, substance abuse, educational needs, family treatment needs, and long-term transition plans. All of these factors directly influence a youth's placement. The length of a youth's sentence and the sentence type also play a role in placement decisions, as some programs specialize in serving youth with shorter lengths of stay while others provide treatment to youth with longer sentences. The youth's Client Manager makes referrals to programs that represent the best fit between the youth's treatment needs and security level. The Department must also consider bed availability, balancing a youth's needs to enter long-term treatment immediately with the most appropriate placement.

There are currently four DYC facilities that provide assessment services, three in the Front Range (in Colorado Springs, Greeley, and Denver) and one on the western slope in Grand Junction. The Division proposes to consolidate the assessment functions that are currently performed at facilities in Colorado Springs and Greeley into the assessment program in Denver. Consolidation will provide greater consistency in assessment practices, provide economies of scale, allow for a greater concentration of specialized expertise in one location, and be less expensive than the current programs, which have excess capacity. The three Front Range assessment programs currently have an average daily capacity of 53 juveniles. The Division proposes to reduce assessment capacity to 40 and anticipates savings of \$336,272 General Fund and 5.1 FTE in FY 2012-13, rising to \$1,337,052 and 20.3 FTE in FY 2013-14.

**(Summary Table Item 5b) Transportation unit.** As an adjunct to consolidation of assessment units, the DYC proposes creating two transportation units. The first is a secure transportation unit, staffed by state employees, that will transfer committed youth between facilities. The unit will transport newly committed youth from the regional receiving centers, such as the one in Greeley and the one in Colorado Springs, to the Denver facility, where youth will undergo the DYC's assessment process. Local law enforcement will continue to transport youth to the receiving centers. The Division also plans to contract with a private shuttle service that will provide regular scheduled transportation to families in order to make it easier for them to participate in the assessment process and visit their child while in assessment. The Department anticipates the need to institute a secure van loop that will make at least two daily runs to the DYC facilities in Colorado Springs and Greeley, as well as transporting youth who have completed the assessment process to other State-operated facilities for the youths' initial placement. The DYC estimates that the Family Transport Unit (run by a contractor) will cost \$39,000 General Fund in FY 2012-13 and cost \$156,000 in FY 2013-14. The secure transport unit will cost \$76,826 General Fund and 1.3 FTE in FY 2012-13 and cost \$297,023 General Fund and 5.0 FTE in FY 2013-14. The Department also requests one additional secure transport van for this program (one existing van will be used).

**(Summary Table Item 6) Reduce payments to contractors who provide commitment and detention beds for youth because they will receive fewer placements.** Committed youth who cannot be placed in state beds must be placed in contract beds for which the NYC pays. The *Purchase of Contract Placements* line item provides funding for the Division to contract with private for-profit and non-profit organizations to house and treat committed youth and a smaller number of detained youth. This includes contracts with privately owned and operated facilities and contracts with privately operated programs that occupy state-owned facilities, such as Ridge View. All of the contracts funded through this line item are for residential services. The line includes reappropriated Medicaid funds transferred from the Department of Health Care Policy and Financing for mental health services in residential child care facilities and federal funds are from Title IV-E of the Social Security Act.

**Computation of the Appropriation:** The process of computing the number of beds to be funded by the *Purchase of Contract Placements* appropriation for the FY 2012-13 Long Bill was straightforward: the number of beds equaled the projected commitment population less the commitment bed capacity of state facilities (as obtained from monthly population reports) and less 7.0 beds allocated to Boulder for an alternative juvenile justice program:

<b>Calculation for FY 2012-13 Long Bill</b>	<b>Population</b>
FY 2012-13 average daily commitment population projected in December 2011 (= Average of the December 2011 DCJ and LCS commitment population forecasts)	970.7
Less: Allocation of commitment beds to Boulder	(7.0)
<u>Less: Projected state commitment bed capacity</u>	<u>(434.5)</u>
= Contract beds to be funded by <i>Purchase of Contract Placements</i>	529.2

The projected commitment bed capacity was based on the assumption that the NYC would continue to fill its own beds to 110 percent of capacity in FY 2012-13, just as it had been required to do in FY 2011-12. Though the JBC discontinued this practice for FY 2012-13, discontinuation was not reflected in the calculation of the *Purchase of Contract Placements* appropriation. This may have been fortunate because contractors would be facing even larger cuts otherwise.

For this supplemental, the Department modified this calculation as follows:

<b>Department Request - Calculation of FY 2012-13 Contract Beds</b>	<b>Population</b>
LCS December 2011 commitment population forecast	851.0
Less: Allocation of commitment beds to Boulder	(7.0)
<u>Less: Projected state commitment bed capacity</u>	<u>(376.5)</u>
= Contract beds funded by <i>Purchase of Contract Placements</i>	467.5

The reduced state commitment capacity reflects two changes:

- Discontinuation of the policy of filling beds to 110 percent of capacity, which reduced capacity from 434 to 394.
- The closure of 70 state commitment beds on April 1, 2013, as discussed in Summary Table Item 2, drops capacity to  $394 - 70 = 324$  beds. Hence the average number of beds available during the year is  $(394*9 \text{ months} + 324*3 \text{ months})/12 = 376.5$ .

Staff believes that the NYC projection that an average of 376.5 commitment beds will be available during FY 2012-13 is unrealistic. Staff believes that a more realistic estimate is 359.0 beds for the reason laid out on the following pages titled “Is the NYC FY 2012-13 bed goal realistic?” This leads to the following calculation:

<b>Staff Recommendation - Calculation of FY 2012-13 Contract Beds</b>	<b>Population</b>
LCS December 2011 commitment population forecast	851.0
Less: Allocation of commitment beds to Boulder	(7.0)
<u>Less: Projected state commitment bed capacity</u>	<u>(359.0)</u>
= Contract beds funded by <i>Purchase of Contract Placements</i>	485.0

To convert occupied beds into an appropriation these 485.0 beds are allocated among the three different categories of contract beds using an historical allocation pattern that has been adjusted to take account of the fact that a smaller commitment population is expected to contain a higher proportion of juveniles who require a higher level of services.

The allocated beds are then multiplied by the estimated rates for each type of bed, which have been increased to reflect the new contracts that NYC has negotiated with providers.

Finally, a detention bed cost estimate is added into the appropriation and Title IV-E funds are used to replace General Fund with federal funds. The following page titled “Staff Supplemental Recommendation” details the staff calculations. The page titled “Department Supplemental Request” details the NYC request.

**Is the DYC FY 2012-13 bed goal realistic?**

For background, there are

184 days from 1-Jul-12 to 1-Jan-13	1-Jul-12
90 days from 1-Jan-13 to 1-Apr-13	1-Jan-13
91 days from 1-Apr-13 to 1-Jul-13	1-Apr-13
365 total days in year	1-Jul-13

376.5 = 394 - 70/4 is the number of commitment beds DYC promises to fill for all of FY 12-13 in the calculations on page S-11, BA-8 - 15. That's

137,423 = 365 \* 376.5 commitment bed days that DYC will 'produce' during FY13.

375.4 is the average number commitment beds per day for the period 1-Jul-12 to 1-Jan-13 according to the Dec 2012 population report. That's

69,074 = 375.4 \* 184 commitment bed days already produced from July 1 to Jan 1

324 = 394 - 70 is the number of commitment beds DYC will have after 1-Apr-13

At the new lower capacity level, after 1-Apr-13 DYC will fill an average of 394 - 70 = 324 commitment beds. As a result it will produce

29,484 = 91 \* 324 bed days over the 91 days from 1-Apr-13 to 1-Jul-13. That means that DYC will have to produce

38,865 = 137,423 - 69,074 - 29,484 bed days between 1-Jan-13 and 1-Apr-13 to meet the goal of 376.5 ADP for the year, i.e. DYC will have to fill an average of

431.8 = 38,865 / 91 beds per day from 1-Jan-13 to 1-Apr-13

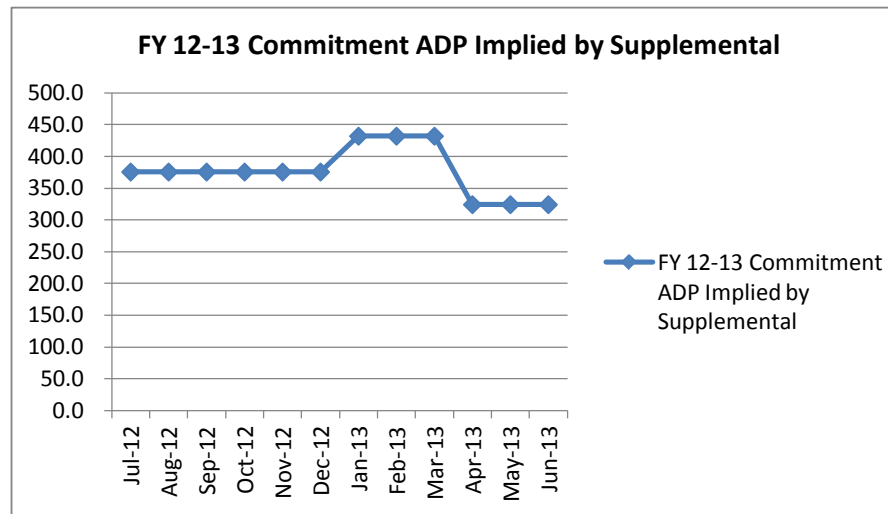
This would require DYC to fill 109.6% = 431.8/394 of its commitment capacity over the period from 1-Dec-12 to 1-Apr-13

January is almost gone and staff suspects that DYC will not fill 431 beds in that month.

Thus DYC will need to fill more than 431 beds in February and March to meet its goal.

The graph to the right shows the unrealistic monthly ADP implied by the DYC assumptions.

Month	ADP	Days in mo.	Bed Days
30-Jun-12			
31-Jul-12	375.4	31	11,637.4
31-Aug-12	375.4	31	11,637.4
30-Sep-12	375.4	30	11,262.0
31-Oct-12	375.4	31	11,637.4
30-Nov-12	375.4	30	11,262.0
31-Dec-12	375.4	31	11,637.4
31-Jan-13	431.8	31	13,386.8
28-Feb-13	431.8	28	12,091.3
31-Mar-13	431.8	31	13,386.8
30-Apr-13	324.0	30	9,720.0
31-May-13	324.0	31	10,044.0
30-Jun-13	324.0	30	9,720.0
Total	376.5	365	137,422.5
Target	376.5	365	137,422.5



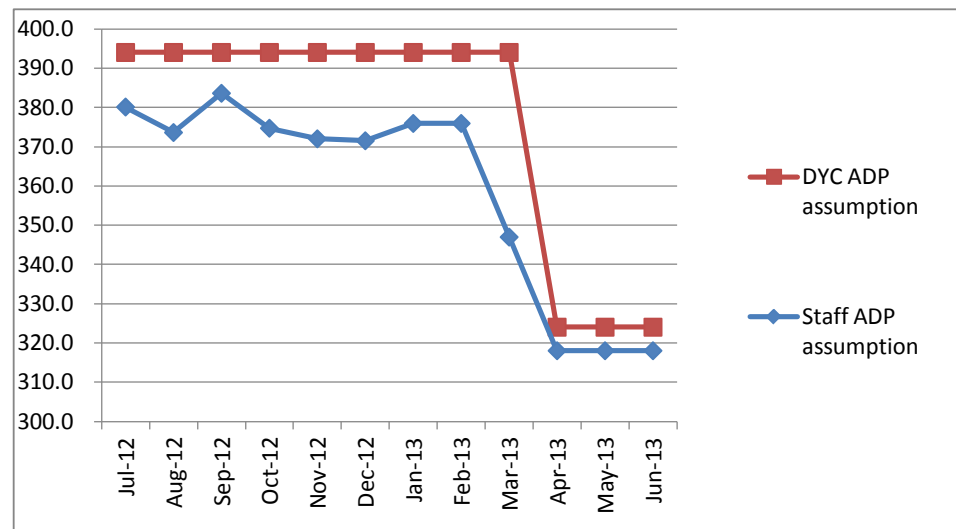
Given that NYC has filled 95.3% of its commitment beds from 1-Jul-12 to 1-Jan-13, what would be different between 1-Jan-13 and 1-Apr-13, a period over which capacity remains 394. Capacity drops to 324 on 1-Apr-13, but staff would expect there to still be empty beds at that time. If NYC continues to fill beds to the same percent of capacity, NYC will produce an ADP of

$$308.8 = 324 * 95.3\% \text{ after capacity drops.}$$

Staff believes a more realistic ADP for NYC can be produced by using actual ADP as obtained from monthly reports for 1-Jul-12 through 31-Dec-12 and assuming that a similar number of beds will be filled in January and February. Specifically staff assumes that January and February will equal the average for July through December.

Based on numbers in the monthly population reports for Sol Vista's 2011 closure, staff believes that it will take one month to draw down the NYC population prior to the pod closures on April 1. The moves out of NYC into contractor beds will not happen instantly on the last day of the month. Staff assumes that March will be a transition month in which the NYC population will make half the adjustment to the new level. Staff further assumes that NYC will continue to have a small amount of excess capacity (6 beds) after April 1. The following table and chart illustrate.

Month	NYC ADP assumption	Staff ADP assumption	Days in month	Bed Days
30-Jun-12				
31-Jul-12	394.0	380.1	31	11,783.1
31-Aug-12	394.0	373.6	31	11,581.6
30-Sep-12	394.0	383.6	30	11,508.0
31-Oct-12	394.0	374.7	31	11,615.7
30-Nov-12	394.0	372.0	30	11,160.0
31-Dec-12	394.0	371.5	31	11,516.5
31-Jan-13	394.0	375.9	31	11,653.4
28-Feb-13	394.0	375.9	28	10,525.7
31-Mar-13	394.0	347.0	31	10,755.7
30-Apr-13	324.0	318.0	30	9,540.0
31-May-13	324.0	318.0	31	9,858.0
30-Jun-13	324.0	318.0	30	9,540.0
Total	376.5	359.0	365	131,037.7
Vacancy		6		



Thus the Staff assumptions lead to a projected ADP in NYC facilities during FY 2012-13 of 359.0, rather than 376.5 as the Department assumes. Note that staff is not building in any cushion for forecast error.

## Staff Supplemental Recommendation

FY 2012-13 Purchase of Contract Placements			
	Commitment	Detention	Total
Forecasted Beds	851.0	422.0	1,273.0
Minus Boulder Impact	(7.0)	0.0	(7.0)
<u>Minus Adjusted State Capacity</u>	<u>(359.0)</u>	<u>(405.0)</u>	<u>(764.0)</u>
<b>Contract Beds</b>	<b>485.0</b>	<b>17.0</b>	<b>502.0</b>

Population Projections: FY 2012-13	
Legislative Council Staff	958.0
Division of Criminal Justice	<u>983.3</u>
Average Proj	970.7
December 2012 LCS	<u>851.0</u>
Projected Decrease in ADP	119.7

Medicaid GF Match <span style="color: red; font-weight: bold;">50.00%</span>
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Estimated Need Based on LCS Projection										
	Contract Beds	Estimated Rate	Days	Total	General Fund	Reapprop. Funds	Federal Funds	Medicaid CF	Medicaid GF	Net GF
TRCCF	195.6	\$ 183.38	365	\$13,092,232	\$13,092,232	\$0	\$0	\$0	\$0	\$13,092,232
TRCCF Fee-for-service	195.6	\$ 18.50	365	1,320,789	0	1,320,789	0	1,320,789	\$660,395	660,395
RCCF	284.3	\$ 142.55	365	14,792,342	14,792,342	0	0	0	\$0	14,792,342
CPA	<u>5.2</u>	\$ 92.83	365	176,191	176,191	0	0	0	\$0	176,191
<b>Total Commitment Beds</b>	<b>485.1</b>			<b>\$29,381,554</b>	<b>\$28,060,765</b>	<b>\$1,320,789</b>	<b>\$0</b>	<b>\$1,320,789</b>	<b>\$660,395</b>	<b>\$28,721,160</b>
Detention Beds	17.0	\$137.80	365	\$855,049	\$855,049	\$0	\$0	\$0	\$0	\$855,049
<b>Cost of Placements</b>				<b>\$30,236,603</b>	<b>\$28,915,814</b>	<b>\$1,320,789</b>	<b>\$0</b>	<b>\$1,320,789</b>	<b>\$660,395</b>	<b>\$29,576,209</b>
<i>Funding Sources</i>										
<b>IV-E Maintenance Billings</b>	<b>30.7</b>	\$64.40	365	0	(721,634)	0	721,634	0	0	(721,634)
<b>JBC Staff Funding Recommendation</b>				<b>\$30,236,603</b>	<b>\$28,194,180</b>	<b>\$1,320,789</b>	<b>\$721,634</b>	<b>\$1,320,789</b>	<b>\$660,395</b>	<b>\$28,854,575</b>
Current Appropriation (H.B. 12-1335)				\$34,938,029	\$32,261,467	\$1,554,426	\$1,122,136	\$1,554,426	\$777,213	\$33,038,680
JBC Staff recommended funding (above)				<u>30,236,603</u>	<u>28,194,180</u>	<u>1,320,789</u>	<u>721,634</u>	<u>1,320,789</u>	<u>660,395</u>	<u>28,854,575</u>
<b>Reduction in Caseload - Amount of Negative Supplemental</b>				<b>\$4,701,426</b>	<b>\$4,067,287</b>	<b>\$233,637</b>	<b>\$400,502</b>	<b>\$233,637</b>	<b>\$116,818</b>	<b>\$4,184,105</b>

FY 2012-13 Federal Title IV-E Funding Calculations:			
Total Community Placement ADP	485.1	Rate for IVE maintenance used	\$ 128.79
Estimated percent placed at Ridge View	42.7%	at 50% IV E revenue	50%
Resulting Youth at Ridge View	207.1	Resulting revenue rate per day	\$ 64.40
Penetration Rate of Youth at Ridge View	14.8%		
Resulting Youth for IV-E claims	30.7		

## Department Supplemental Request

FY 2012-13 Purchase of Contract Placements			
	Commitment	Detention	Total
Forecasted Beds	851.0	422.0	1,273.0
Minus Boulder Impact	(7.0)	0.0	(7.0)
<u>Minus Adjusted State Capacity</u>	<u>(376.5)</u>	<u>(405.0)</u>	<u>(781.5)</u>
<b>Contract Beds</b>	<b>467.5</b>	<b>17.0</b>	<b>484.5</b>

Population Projections: FY 2012-13	
Legislative Council Staff	958.0
Division of Criminal Justice	<u>983.3</u>
Average Proj	970.7
December 2012 LCS	<u>851.0</u>
Projected Decrease in ADP	119.7

Medicaid GF Match <b>50.00%</b>
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Estimated Need Based on LCS Projection										
	Contract Beds	Estimated Rate	Days	Total	General Fund	Reapprop. Funds	Federal Funds	Medicaid CF	Medicaid GF	Net GF
TRCCF	188.5	\$ 183.38	365	\$12,617,002	\$12,617,002	\$0	\$0	\$0	\$0	\$12,617,002
TRCCF Fee-for-service	188.5	\$ 18.50	365	1,272,846	0	1,272,846	0	1,272,846	\$636,423	636,423
RCCF	274.0	\$ 142.55	365	14,256,426	14,256,426	0	0	0	\$0	14,256,426
CPA	5.0	\$ 92.83	365	169,415	169,415	0	0	0	\$0	169,415
<b>Total Commitment Beds</b>	<b>467.5</b>			<b>\$28,315,689</b>	<b>\$27,042,843</b>	<b>\$1,272,846</b>	<b>\$0</b>	<b>\$1,272,846</b>	<b>\$636,423</b>	<b>\$27,679,266</b>
Detention Beds	17.0	\$137.80	365	\$855,049	\$855,049	\$0	\$0	\$0	\$0	\$855,049
<b>Cost of Placements</b>				<b>\$29,170,738</b>	<b>\$27,897,892</b>	<b>\$1,272,846</b>	<b>\$0</b>	<b>\$1,272,846</b>	<b>\$636,423</b>	<b>\$28,534,315</b>
<i>Funding Sources</i>										
<b>IV-E Maintenance Billings</b>	<b>29.5</b>	\$64.40	365	0	(693,427)	0	693,427	0	0	(693,427)
<b>DYC Funding Request</b>				<b>\$29,170,738</b>	<b>\$27,204,465</b>	<b>\$1,272,846</b>	<b>\$693,427</b>	<b>\$1,272,846</b>	<b>\$636,423</b>	<b>\$27,840,888</b>
Current Appropriation (H.B. 12-1335)				\$34,938,029	\$32,261,467	\$1,554,426	\$1,122,136	\$1,554,426	\$777,213	\$33,038,680
Minus DYC Funding Request (above)				<u>29,170,738</u>	<u>27,204,465</u>	<u>1,272,846</u>	<u>693,427</u>	<u>1,272,846</u>	<u>636,423</u>	<u>27,840,888</u>
<b>Reduction in Caseload - Amount of Negative Supplemental</b>				<b>\$5,767,291</b>	<b>\$5,057,002</b>	<b>\$281,580</b>	<b>\$428,709</b>	<b>\$281,580</b>	<b>\$140,790</b>	<b>\$5,197,792</b>

FY 2012-13 Federal Title IV-E Funding Calculations:			
Total Community Placement ADP	467.5	Rate for IVE maintenance used	\$ 128.79
Estimated percent placed at Ridge View	42.7%	at 50% IV E revenue	50%
Resulting Youth at Ridge View	199.6	Resulting revenue rate per day	\$ 64.40
Penetration Rate of Youth at Ridge View	14.8%		
Resulting Youth for IV-E claims	29.5		



**(Summary Table Item 7) Conversion of Contract Staff to State Positions.** At least a year ago, the DYC was informed by the Human Resources Office of the Department of Human Services that, pursuant to state personnel rules, 21 contract positions (the equivalent of 19.0 FTE) at its Lookout Mountain facility must be converted to State FTE positions. Note that the positions are converting, not the individuals who currently hold those positions. The incumbents in those positions will have to apply for these jobs, but they must stand in line behind state employees and any others who have preferential status.

Since this conversion request is not an integral part of this supplemental, one might ask, "Why now?" The Department states that the proposed closure of five State-operated housing units will eliminate 31.0 State FTE positions, which provides an opportunity to convert the contract positions to State FTE without increasing the Department's FTE count. The following table summarizes the contract positions that will be converted.

<b>Table 9: Converted Contract FTE</b>	
7.0	Social Worker III
1.0	Youth Service Counselor III
2.0	Youth Service Counselor I
2.0	Nurse I
1.0	Admin Assistant
6.0	<u>Correctional Youth Security Officer I</u>
<b>19.0</b>	<b>Total</b>

These contract positions have existed at the Lookout Mountain campus since the early 1990's. When the positions were created, DYC had few counselors and social workers on staff, so some of the contract workers may have been performing work that was not also being performed by a State FTE. Subsequently, the Division hired state employees with qualifications similar to all these contractors who performed essentially the same work.

It also appears that state personnel rules were not being as vigorously enforced at that time as they are now.

**Background on State Personnel Rules.** Article XII, Sections 13 and 14 of the Colorado Constitution establish a framework for a state personnel system based upon merit and other considerations. The relevant provisions were not altered by Amendment S. In the latter 1980's, a group of Colorado employees sued the Department of Highways, seeking a ruling that contracts with private vendors for services previously performed by state employees within the state personnel system violated these sections of the constitution. The state personnel board rejected this contention but its ruling was overturned by a 1991 Colorado Supreme Court decision, *Colorado Association of Public Employees v. Department of Highways*.

In this decision, the Supreme Court pointed to Section 14 of Article XII, which establishes the state personnel board and states that the board "shall adopt, and may from time to time amend or repeal rules to implement the provisions of this section." The Court noted that this directive requires the personnel board to elaborate on the personnel-system framework established by the constitution, and contemplates the possibility that the General Assembly will enact supporting statutes.

The Supreme Court noted that, at that time, no laws or rules had been adopted governing the privatization of state employee jobs but that such rules are necessary to ensure that privatization efforts will not subvert the constitutional principles on which the state personnel system is based. Privatization must be guided by laws and rules because privatization can contravene the constitution's personnel-system principles. In the words of the Court, privatization "implicates" the personnel system. If the General Assembly has not enacted privatization laws and the personnel board has not issued privatization rules, state agencies lack necessary guidance and cannot contract out for personal services. As a consequence, the Court held, the Department of Highways' contract for private sector personal services was invalid. The Court's opinion also noted that the primary goal of privatization is cost savings, but it did not elaborate.

**Statutory rules governing contracts for personal services.** In 1993, the General Assembly responded to this decision by enacting Sections 24-50-501 through 514, C.R.S., titled "Contracts for Personal Services." The legislative declaration in Section 24-50-501 declares that it is "the policy of this state to encourage the use of private contractors for personal services to achieve increased efficiency in the delivery of government services, without undermining the principles of the state personnel system requiring competence in state government and the avoidance of political patronage." The following sections contain definitions and rules.

The two key sections that affect the outsourcing of state jobs are Section 24-50-503 and 504, C.R.S. Section 24-50-504 enumerates various types of personal services contracts that do not "implicate" the state personnel system, i.e. personal services contracts that do not have the potential to conflict with the constitutional principles that underlie the state personnel system and hence are acceptable. A review of this section indicates that none of its cases apply to the contract workers at Lookout Mountain. For example, paragraph (2) (g) of the section states that contracts for services that are "urgent, temporary, or occasional in nature" do not implicate the state personnel system and thus are acceptable. The Lookout Mountain positions have existed for decades and have been close to permanent.

Section 24-50-503, C.R.S., deals with personal services contracts that do "implicate" the state personnel system but are none-the-less acceptable because cost saving considerations outweigh personnel system considerations. Among other things, such contracts must (1) be with independent contractors (there is serious question whether the Lookout Mountain contract workers are independent contractors) and (2) the contracting agency must clearly demonstrate that the proposed contract will result in overall cost savings to the state (which cannot be demonstrated because the contract workers at Lookout Mountain are paid at the same rates as state workers, which is the reason why this portion of the DYC request has no dollar cost.)

In summary, the contracts with workers at Lookout Mountain appear to violate statute. As a consequence, **Staff recommends that the Committee approve the Department's request.**

If the Committee approves this request, the current contracts are funded from three different line items: Institutional Programs, Personal Services (\$692,719), Institutional Programs, Medical Services (\$724,153), and Community Programs, Parole Program Services (\$119,097). The

Department requests and staff recommends consolidation of all three amounts into the Institutional Programs, Personal Services Line item.

**(Summary Table Item 8) Three Year Capacity Study.** The Department proposes to use a portion of the anticipated savings to contract with an outside consultant to evaluate the trends in committed, detained and paroled populations in order to assist in future strategic planning. Since the study requires FY 2013-14 expenditures, Staff will defer discussion of this request until figure setting.

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*JBC Staff Supplemental Recommendations - FY 2012-13*  
*Staff Working Document - Does Not Represent Committee Decision*

**Appendix A: Number Pages**

	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2012-13 Requested Change	FY 2012-13 Rec'd Change	FY 2012-13 Total W/ Rec'd Change
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**DEPARTMENT OF HUMAN SERVICES**  
**Reggie Bicha, Executive Director**

**Late Supplemental Request - NYC Realignment**

**(1) EXECUTIVE DIRECTOR'S OFFICE**

**(A) General Administration**

Health, Life, and Dental	<u>22,901,617</u>	<u>26,884,290</u>	<u>(27,633)</u>	<u>(27,633)</u>	<u>26,856,657</u>
General Fund	14,477,939	16,065,044	(27,633)	(27,633)	16,037,411
Cash Funds	466,125	498,681	0	0	498,681
Reappropriated Funds	4,921,946	6,830,706	0	0	6,830,706
Federal Funds	3,035,607	3,489,859	0	0	3,489,859
Short-term Disability	<u>365,224</u>	<u>361,908</u>	<u>(515)</u>	<u>(515)</u>	<u>361,393</u>
General Fund	221,234	217,869	(515)	(515)	217,354
Cash Funds	7,531	6,602	0	0	6,602
Reappropriated Funds	82,194	81,382	0	0	81,382
Federal Funds	54,265	56,055	0	0	56,055
S.B. 04-257 Amortization Equalization Disbursement	<u>5,613,157</u>	<u>6,809,879</u>	<u>(9,263)</u>	<u>(9,263)</u>	<u>6,800,616</u>
General Fund	3,388,549	3,831,830	(9,263)	(9,263)	3,822,567
Cash Funds	91,975	333,480	0	0	333,480
Reappropriated Funds	1,306,019	1,587,989	0	0	1,587,989
Federal Funds	826,614	1,056,580	0	0	1,056,580

**JBC Staff Supplemental Recommendations - FY 2012-13**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2011-12 Actual</b>	<b>FY 2012-13 Appropriation</b>	<b>FY 2012-13 Requested Change</b>	<b>FY 2012-13 Rec'd Change</b>	<b>FY 2012-13 Total W/ Rec'd Change</b>
S.B. 06-235 Supplemental Amortization Equalization					
Disbursement	<u>4,561,313</u>	<u>5,840,867</u>	<u>(7,963)</u>	<u>(7,963)</u>	<u>5,832,904</u>
General Fund	2,782,092	3,295,403	(7,963)	(7,963)	3,287,440
Cash Funds	73,184	276,955	0	0	276,955
Reappropriated Funds	1,042,450	1,361,229	0	0	1,361,229
Federal Funds	663,587	907,280	0	0	907,280
<b>(11) DIVISION OF YOUTH CORRECTIONS</b>					
<b>(B) Institutional Programs</b>					
Personal Services	<u>40,772,617</u>	<u>41,178,349</u>	<u>(375,092)</u>	<u>(375,092)</u>	<u>40,803,257</u>
FTE	743.2	752.3	(6.7)	(6.7)	745.6
General Fund	40,772,617	41,178,349	(375,092)	(375,092)	40,803,257
Operating Expenses	<u>3,281,696</u>	<u>3,336,475</u>	<u>7,984</u>	<u>7,984</u>	<u>3,344,459</u>
General Fund	2,051,763	2,006,275	7,984	7,984	2,014,259
Reappropriated Funds	0	1,330,200	0	0	1,330,200
Federal Funds	1,229,933	0	0	0	0
Medical Services	<u>6,825,917 32.3</u>	<u>6,605,444 36.0</u>	<u>(181,118)</u>	<u>(181,118)</u>	<u>6,424,326 36.0</u>
General Fund	6,825,917	6,605,444	(181,118)	(181,118)	6,424,326
<b>(11) DIVISION OF YOUTH CORRECTIONS</b>					
<b>(C) Community Programs</b>					
Purchase of Contract Placements	<u>32,824,525</u>	<u>34,938,029</u>	<u>(5,767,291)</u>	<u>(4,701,426)</u>	<u>30,236,603</u>
General Fund	30,419,702	32,261,467	(5,057,002)	(4,067,287)	28,194,180
Reappropriated Funds	1,438,587	1,554,426	(281,580)	(233,637)	1,320,789
Federal Funds	966,236	1,122,136	(428,709)	(400,502)	721,634

**JBC Staff Supplemental Recommendations - FY 2012-13**  
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	<b>FY 2011-12 Actual</b>	<b>FY 2012-13 Appropriation</b>	<b>FY 2012-13 Requested Change</b>	<b>FY 2012-13 Rec'd Change</b>	<b>FY 2012-13 Total W/ Rec'd Change</b>
Parole Program Services	<u>4,178,776</u>	<u>4,180,771</u>	<u>(29,774)</u>	<u>(29,774)</u>	<u>4,150,997</u>
General Fund	3,287,117	3,289,112	(29,774)	(29,774)	3,259,338
Federal Funds	891,659	891,659	0	0	891,659
<b>Total for Late Supplemental Request - NYC</b>					
<b>Realignment</b>	121,324,842	130,136,012	(6,390,665)	(5,324,800)	124,811,212
<i>FTE</i>	<u>775.5</u>	<u>788.3</u>	<u>(6.7)</u>	<u>(6.7)</u>	<u>781.6</u>
General Fund	104,226,930	108,750,793	(5,680,376)	(4,690,661)	104,060,132
Cash Funds	638,815	1,115,718	0	0	1,115,718
Reappropriated Funds	8,791,196	12,745,932	(281,580)	(233,637)	12,512,295
Federal Funds	7,667,901	7,523,569	(428,709)	(400,502)	7,123,067
<b>Totals Excluding Pending Items</b>					
<b>HUMAN SERVICES</b>					
<b>TOTALS for ALL Departmental line items</b>	2,002,593,991	2,071,322,439	(6,390,665)	(5,324,800)	2,065,997,639
<i>FTE</i>	<u>4,731.3</u>	<u>4,878.6</u>	<u>(6.7)</u>	<u>(6.7)</u>	<u>4,871.9</u>
General Fund	605,477,687	642,011,487	(5,680,376)	(4,690,661)	637,320,826
Cash Funds	332,257,667	336,871,969	0	0	336,871,969
Reappropriated Funds	437,274,156	475,870,742	(281,580)	(233,637)	475,637,105
Federal Funds	627,584,481	616,568,241	(428,709)	(400,502)	616,167,739

# MEMORANDUM

**TO:** Members of the Joint Budget Committee

**FROM:** Steve Allen, JBC Staff

**SUBJECT:** Revised recommendation for the DYC "Realignment" supplemental

**DATE:** Feb. 5, 2013

The Jan. 30, 2013, Staff document presenting Department of Human Services Supplemental #11, Realignment of the Division of Youth Corrections, contains the recommendation contained in column 3 of the following tables.

<b>Department of Human Services (DHS) (Most adjustments are to the Division of Youth Corrections)</b>	<b>1. Previously Approved and Already in DHS Supplemental Bill</b>	<b>2. Department Request</b>	<b>3. New Staff Recommendation</b>
<b>Total</b>	<b><u>(\$4,007,807)</u></b>	<b><u>(\$6,390,665)</u></b>	<b><u>(5,324,800)</u></b>
FTE	0.0	(6.7)	(6.7)
General Fund	(3,633,563)	(5,680,376)	(4,690,661)
Reappropriated Funds (from HCPF)	(197,173)	(281,580)	(233,637)
Federal Funds	(177,071)	(428,709)	(400,502)
Net General Fund	(3,732,149)	(5,821,166)	(4,807,479)

<b>Department of Health Care Policy and Financing</b>	<b>1. Previously Approved and Already in HCPF Supplemental Bill</b>	<b>2. Department Request</b>	<b>3. New Staff Recommendation</b>
<b>Total</b>	<b><u>(\$197,173)</u></b>	<b><u>(\$281,580)</u></b>	<b><u>(233,637)</u></b>
General Fund	(\$98,587)	(\$140,790)	(116,818)
Federal Funds	(\$98,586)	(\$140,790)	(116,819)

The Staff document also recommends that the Committee:

1. Carry a bill to lower the Division of Youth Corrections DYC detention bed cap from 422 to 382, and
2. Leave the appropriation already in the DHS supplemental bill unchanged and place the incremental changes approved by the Committee in the detention-bed-cap bill, i.e. place the difference between column 3 and column 1 of the above table in the detention-bed-cap bill, which means that the detention cap bill would contain the following appropriations:

<b>Department of Human Services</b>	<b>Appropriation for the detention-bed-cap bill ( = column 3 – column 1 )</b>
<b>Total</b>	<b><u>(\$1,316,993)</u></b>
FTE	(6.7)
General Fund	(1,057,098)
Reappropriated Funds (from HCPF)	(36,464)
Federal Funds	(223,431)
Net General Fund	(1,075,330)

<b>Department of Health Care Policy and Financing</b>	<b>Appropriation for the detention-bed-cap bill ( = column 3 – column 1 )</b>
<b>Total</b>	<b><u>(\$36,464)</u></b>
General Fund	(18,231)
Federal Funds	(18,233)

After this recommendation was formulated, staff discussed the detention-bed-cap bill with Legal Services and, based on bill-title concerns, concluded that the portion of the supplemental recommendation that deals with conversion of contract staff to state positions should be placed in the supplemental bill. The other adjustments would be in the detention-bed-cap bill. This way the adjustments in the detention-bed-cap bill would all be related to downsizing the DYC.

**Staff now recommends that the portion of the staff recommendation that deals with conversion of contract staff to state positions be placed in the supplemental bill and the remainder of the staff recommendation be placed in the detention-bed-cap bill.**

The conversion-of-contract-staff portion of the supplemental increases FTE by 3.8 and moves some General Fund appropriations among line items but does not otherwise alter dollar appropriations.