Schedule 13
Change Request for FY 08-09 Budget Request Cycle

Decision Item FY 08-09 ☑ Base Reduction Item FY 08-09 ☐ Supplemental FY 07-08 ☐ Budget Request Amendment FY 08-09 ☐

Request Title: Population Impact on Contract Placement Need

Department: Human Services - Office of Children, Youth and Family Services - Division of Youth Corrections

Priority Number: 2

Dept. Approval by: Reginald Jeffers **Date:** 10/17/07

OSPB Approval: for MZ **Date:** 10/21/07 for 11/1/07

	Fund	1 Prior-Year Actual FY 06-07	2 Appropriation FY 07-08	3 Supplemental Request FY 07-08	4 Total Revised Request FY 07-08	5 Base Request FY 08-09	6 Decision/ Base Reduction FY 08-09	7 November 1 Request FY 08-09	8 Budget Amendment FY 08-09	9 Total Revised Request FY 08-09	10 Change from Base (Column 5) FY 09-10
Total of All Line Items	Total	51,131,337	54,786,665	0	54,786,665	54,638,436	1,759,946	56,398,382	0	56,398,382	1,759,946
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	48,483,406	52,007,869	0	52,007,869	51,872,508	1,718,738	53,591,246	0	53,591,246	1,718,738
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	2,647,931	2,778,796	0	2,778,796	2,765,928	41,208	2,807,136	0	2,807,136	41,208
	FF	0	0	0	0	0	0	0	0	0	0
	MCF	2,647,931	2,778,796	0	2,778,796	2,765,928	41,208	2,807,136	0	2,807,136	41,208
	MGF	1,323,966	1,389,398	0	1,389,398	1,382,964	20,604	1,403,568	0	1,403,568	20,604
	NGF	49,807,372	53,397,267	0	53,397,267	53,255,472	1,739,342	54,994,814	0	54,994,814	1,739,342
(11) DIVISION OF YOUTH CORRECTIONS (C) Community Programs Purchase of Contract Placements	Total	51,131,337	54,786,665	0	54,786,665	54,638,436	1,759,946	56,398,382	0	56,398,382	1,759,946
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	48,483,406	52,007,869	0	52,007,869	51,872,508	1,718,738	53,591,246	0	53,591,246	1,718,738
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	2,647,931	2,778,796	0	2,778,796	2,765,928	41,208	2,807,136	0	2,807,136	41,208
	FF	0	0	0	0	0	0	0	0	0	0
	MCF	2,647,931	2,778,796	0	2,778,796	2,765,928	41,208	2,807,136	0	2,807,136	41,208
	MGF	1,323,966	1,389,398	0	1,389,398	1,382,964	20,604	1,403,568	0	1,403,568	20,604
	NGF	49,807,372	53,397,267	0	53,397,267	53,255,472	1,739,342	54,994,814	0	54,994,814	1,739,342

Letternote revised text: b. These amounts shall be from Medicaid funds transferred from the Department of Health Care Policy and Financing.

Cash Fund name/number, Federal Fund Grant name:

IT Request: ☐ Yes ☑ No

Request Affects Other Departments: ☑ Yes ☐ No **If Yes, List Other Departments Here:** Department of Health Care Policy & Financing

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CHANGE REQUEST for FY 08-09 BUDGET REQUEST CYCLE

Department:	Human Services – Office of Children, Youth and Family Services – Division of Youth Corrections
Priority Number:	2
Change Request Title:	Population Impact on Contract Placement Need

SELECT ONE (click on box):

☒ Decision Item FY 08-09
☐ Base Reduction Item FY 08-09
☐ Supplemental Request FY 07-08
☐ Budget Request Amendment FY 08-09

SELECT ONE (click on box):

Supplemental or Budget Request Amendment Criterion:

☒ Not a Supplemental or Budget Request Amendment
☐ An emergency
☐ A technical error which has a substantial effect on the operation of the program
☐ New data resulting in substantial changes in funding needs
☐ Unforeseen contingency such as a significant workload change

Short Summary of Request:

This request is for $1,759,946 ($1,718,738 GF and $ 41,208 MCF) for the Division of Youth Corrections (DYC) Purchase of Contracts Placement line item to ensure the Division can provide one bed for every youth projected to be in the legal custody of the Division. The request is based on December 2006 Legislative Council staff (LCS) population projections that indicate the DYC commitment population will increase by 32.7 ADP in FY 2008-09 and 28.9 ADP in FY 2009-10. The Division will require additional residential commitment capacity in FY 2008-09 to accommodate this projected growth. Given a long-standing legislative practice of funding growth in the DYC system with additional contract placements, this decision item proposes to increase funding for the additional 32.7 ADP contract placements.

Background and Appropriation History:

The primary statutory mandates of the Division of Youth Corrections are to ensure the public safety and provide rehabilitative services to youth in order to prevent further delinquent behaviors and thus reduce recidivism – a key element of Governor Ritter's "Colorado Promise." The commitment of certain youth for delinquent behaviors, as well

as supervision of youth while on parole, is essential to maintaining the public safety. In addition, the Division seeks to provide services that address the specific social, educational, medical, mental health, substance abuse, and other offense-specific treatment needs of youth to maximize their ability to rejoin society as responsible, contributing members. This is essential to maintaining public safety in the long run, as previous offenders become contributing citizens in their communities. The full range of outcomes is comprehensive and substantially contributes to societal goals. Society benefits through reduced juvenile crime rates against persons and property. The families and youth benefit by gaining skills and overcoming problems that enable them to independently care for themselves and contribute to society. The State of Colorado benefits through avoidance of future expenditures on juvenile and adult correctional facilities and services, as well as reduced expenditures on welfare and increased revenues as these youth become job-holding, tax-paying citizens.

The Division's Purchase of Contract Placements appropriation funds an array of residential placement services for youth requiring secure, staff supervised, and non-secure residential placement services. Secure residential placement services are provided for youth who require a secure locked facility environment. Staff supervised placements are provided in staff-secure facilities in both institutional and community settings. Non-secure residential services are provided for youth transitioning to the community after release from institutional settings, and for committed youth who have been assessed as appropriate for placement in a community residential setting. Currently, the Division of Youth Corrections contracts with over 22 organizations which provide staff-supervised commitment services and with more than 31 organizations that provide non-secure community residential services to youth who are under the jurisdiction of the DYC. In FY 2006-07, the Division relied upon private contractors for approximately 65% of its commitment capacity.

The rate paid to vendors depends upon the level of security and programming provided and is determined through competitive procurement processes or is mandated through the Division of Child Welfare rate setting process (for PRTF placements). The majority of the Division's five-year residential placement contracts with private providers will expire

September 30, 2007. The Division is currently negotiating new rates and contracts to be effective October 1, 2007. Thus, the impact of new provider rates cannot be determined at this time and is therefore not included in the calculations included with this request.

Due to the fixed number of beds at State-operated detention and commitment facilities, the General Assembly traditionally adjusts the Division's Purchase of Contract Placements appropriation to increase the number of contract placement beds based on juvenile commitment population projections. The Division of Criminal Justice (DCJ) and Legislative Council Staff are statutorily mandated to submit annual adult and juvenile population projections to the General Assembly. For purposes of budget setting, the Office of State Planning and Budgeting (OSPB) and the Joint Budget Committee (JBC) have historically relied on LCS projections to determine the fiscal needs of the Division of Youth Corrections.

Purchase of Contract Placements Major Program and Funding Changes		
	Total Funds	NGF
FY 2005-06:		
Appropriation adjusted to accommodate growth, bed mix, and rate changes.	$3,368,690	$2,806,708
Received 2% Provider Rate Increase.	$990,264	$844,763
Flexibility Footnote added to allow up to 10% of general fund for treatment and transition services in residential and non-residential settings and the Division began the Continuum of Care Initiative.	N/A	N/A
Supplemental reduction to reflect revised Legislative Council Staff population projections.	($2,168,794)	($1,800,204)

Purchase of Contract Placements Major Program and Funding Changes		
FY 2006-07:	Total Funds	NGF
Appropriation adjusted to accommodate growth, bed mix, and rate changes, including the opening of the new Sol Vista Youth Services Center in Pueblo.	$ 106,903	($23,766)
Received 3.25% Provider Rate Increase.	$ 1,675,060	$ 1,638,134
Redesign of the RTC system to the TRCCF system and the enactment of HB06-1395 (PRTF) required re-financing of the appropriation from 29.4% Medicaid and 70.6% General Fund to 7% Medicaid and 93% General Fund	$ 929,936	$ 7,344,989
Supplemental approved to transfer $ 1.9 million to the Parole Program Services appropriation for the Continuum of Care Initiative.	N/A	N/A
FY 2007-08:		
Appropriation adjusted to accommodate growth, bed mix, leap year, and rate changes and the annualization of the Sol Vista Youth Services Center capacity and HB06-1395 (PRTF).	$ 761,761	$565,961
Received 1.5% Provider Rate Increase	$ 809,549	$ 789,070
Flexibility Footnote was adjusted to allow up to 15% of general fund for treatment and transition services in residential and non-residential settings.	N/A	N/A

General Description of Request:

December 2006 Legislative Council staff (LCS) population projections indicate that the DYC commitment population will increase by 32.7 ADP in FY 2008-09 and 28.9 ADP in FY 2009-10. The Division will require additional contract placement commitment capacity in FY 2008-09 to accommodate this growth. This will help to ensure that the Division can provide one bed for every youth in the legal custody of the Division. The Division relies upon contract placements as a means of quickly and efficiently expanding and reducing bed capacity. This process allows the Division to access a range of residential placement options from enhanced mental health treatment to transitional foster care services. The LCS projected incremental growth from the December 2006 projections is shown below.

	FY 2007-08	**FY 2008-09**	**FY 2009-10**
LCS Projections (December 2006)	1,489.4	1,522.1	1,551.0
LCS Projection (Incremental Growth)	N/A	32.7	28.9

LCS will issue a new set of projections in December 2007. The new projections will utilize more recent data, and should provide a more accurate forecast of future commitment populations. When Legislative Council Staff release revised population projections, the Division can amend its request to reflect the latest analysis.

The purchase of community residential placements is accomplished through a competitive bid process and relies on the capacity of the vendor system to respond to the bed needs of the Division. This request will provide the Division of Youth Corrections with the ability to contract for residential programs that directly link to the Division's primary mission of providing for public safety. Additionally, this request would likely mitigate the risk of an increase in the number of critical incidents in State-operated facilities by providing the Division with the capacity to adequately address the program needs of incarcerated youth, without overcrowding State facilities. The request will contribute to the Division's goal to reduce both pre and post-discharge recidivism by

supporting the Division in providing adequate bed space and programming for youth placed in its custody.

Alternative: Rather than appropriating funds to the Division to purchase additional contract-operated commitment capacity, the General Assembly could appropriate funds to construct new State-operated commitment capacity. However, the time required to design, build and begin operation of this additional state-operated capacity would not allow the Division to address immediate projected shortfalls in commitment capacity. As a result, the Division would be required to overcrowd existing state-operated commitment facilities to meet the projected bed needs.

Consequences if Not Funded:

If the Division does not receive additional resources for contract placements, the resulting lack of adequate commitment capacity will force the Division to intentionally overcrowd its State-operated commitment facilities. The State facilities act as a "safety net" when populations exceed capacity, since licensing requirements of private sector programs do not allow overcrowding of privately operated facilities. Overcrowding State-operated facilities can compromise the safety of youth and staff. In addition, overcrowded conditions severely compromise the quality of treatment and level of care for youth in these facilities, which in turn can negatively impact outcomes of youth at the time of re-integration into the community and increase recidivism, thus resulting in recommitment to the Division or placement with the Colorado Department of Corrections. Not only is this approach believed to be a long-term threat to effectively rehabilitating high-risk youth, there also exists a great potential for physical harm to other youth as well as staff members at the facilities.

Calculations for Request:

Summary of Request FY 2008-09	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	Medicaid Cash Funds	Medicaid General Funds	Net General Fund	FTE
Total Request	$1,759,946	$1,718,738	$0	$41,208	$0	$41,208	$20,604	$1,739,342	0.0
RCCF Beds	$930,405	$930,405	$0	$0	$0	$0	$0	$930,405	0.0
PRTF Beds	$4,126	$0	$0	$4,126	$0	$4,126	$2,063	$2,063	0.0
TRCCF Maintenance	$406,350	$406,350	$0	$0	$0	$0	$0	$406,350	0.0
TRCCF Services	$333,820	$333,820	$0	$0	$0	$0	$0	$333,820	0.0
TRCCF Fee-For-Service	$37,082	$0	$0	$37,082	$0	$37,082	$18,541	$18,541	0.0
Detention Beds	$48,163	$48,163	$0	$0	$0	$0	$0	$48,163	0.0

Detailed Calculations are attached at the end of the narrative.

Assumptions for Calculations:

1. The requested funding assumes the composition of placement levels as appropriated for FY 2007-08. Specifically, 62.5% of beds are Residential Child Care Facility (RCCF) level placements; 37.3% are Therapeutic Residential Child Care Facility (TRCCF) level placements; and 0.2% are Psychiatric Residential Treatment Facility (PRTF) level placements.

2. DYC's total FY 2008-09 contract commitment Average Daily Population (ADP) is projected at 991.0 per December 2006 Legislative Council Staff projections as portrayed in the Table below:

December 2006 LCS Commitment ADP	1522.1
Less Boulder IMPACT ADP	(7.0)
Less State Commitment Capacity	(524.0)
Less FY 2007-08 Contract Capacity	(958.4)
Capacity Shortfall	32.7

3. The rates used to calculate this request reflect the funded average weighted rates for RCCF, TRCCF, and PRTF placements for FY 2007-08, including the 1.5% provider rate increase as approved by the General Assembly. As noted above, a majority of the Division's residential contracts are expiring September 30, 2007. The impact of the new contract residential rates that will result from the procurement process are not yet available, and are therefore not included in the calculation of this request.

4. All DYC state-operated facilities are assumed to operate at capacities as appropriated by the General Assembly (approximately 110 percent of designed capacities).

5. Medicaid Calculation:
   - PRTF Medicaid cost = 2.0 ADP X $ 385.00 (actuarial rate) X 365 Days/Year = $281,050
   - TRCCF Medicaid Cost = 369.7 ADP X $ 18.72 Average Fee-For-Service Reimbursement X 365 Days/Year = $2,526,086
   - Total Medicaid Need in FY 2008-09 = $ 2,807,136

6. All calculations for this decision item follow at the end of the narrative.

Impact on Other Government Agencies:

The CFE appropriated to the Division of Youth Corrections, Purchase of Contract Placement line item is composed of 50% General Fund and 50% Medicaid Funds. General fund appropriated in this line item is transferred to the Department of Health Care Policy & Financing for payment of Medicaid claims for Therapeutic Residential Child Care Facility (TRCCF) and Psychiatric Residential Treatment Facility services.
Decision Item Medicaid Total: $ 41,208
General Fund: $ 20,604
Medicaid Cash Fund: $ 20,604

Cost Benefit Analysis:

Not Required – Caseload Driven Request.

Implementation Schedule:

Task	Month/Year
Ongoing placement of committed youth in appropriate contract residential placement	ALL

Statutory and Federal Authority:

Section 19-2-410 (1), C.R.S. (2007). Contracts and agreements with public and private agencies. (1) The executive director of the department of human services shall, subject to available appropriations, enter into agreements or contracts deemed necessary and appropriate with any governmental unit or agency or private facility or provider cooperating or willing to cooperate in a program to carry out the purposes of this article. Such contracts or agreements may provide, among other things, for the type of work to be performed at a camp or other facility, for the rate of payment for such work, and for other matters relating to the care and treatment of juveniles.

Performance Measures:

		FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
Provide a safe and secure correctional environment for youth and staff by reducing the overall rate of critical incidents per ADP to at or below 6.5% in residential programs.	Benchmark	6.5%	6.5%	6.5%	6.5%
	Actual	7.5%	8.0%		
Improve the social functioning of committed youth by reducing pre-discharge recidivism to at or below 35%	Benchmark	35%	35%	35%	35%
	Actual	33%	39.1%		
Improve the stability and self-sufficiency of committed youth by achieving a rate of 75% of youth either employed or in school at discharge.	Benchmark	75%	75%	75%	75%
	Actual	71%	73.4%		

Division of Youth Corrections
FY 2008-09 Purchase of Contract Placements Decision Item

	Purchase of Contract Placements 08-09 Need Dec 06 LCS	08-09 Bed Mix	FY 2007-08 Purchase of Contract Placements Appropriation	
DYC Total Commitment ADP (Dec 2006)	1,522.1		1,489.4	
Less Boulder IMPACT	(7.0)		(7.0)	
Less State Facilities ADP:	(524.0)		(524.0)	
Total FY09 Commitment Contract ADP:	991.1		958.4	
Commitment - RCCF beds - GF	619.4	62.5%	599.0	
Avg Weighted RCCF Rate:	$128.42		$128.42	
Days per Year	365		366	
FY09 RCCF Amount Needed	**$29,033,322**		**$28,153,435**	**$930,405**
TRCCF & PRTF Beds				
Commitment -PRTF- CFE	2.0	0.2%	2.0	
PRTF Actuarial Rate:	$385.00		$385.00	
Days per Year	365		366	
FY09 PRTF Amount Needed	**$281,050**		**$281,820**	**$4,126**
TRCCF Costs				
Commitment - TRCCF Maintenance - GF	369.7	37.3%	357.4	
Avg Weighted TRCCF Rate:	$94.00		$94.00	
Days per Year	365		366	
FY09 TRCCF Maintenance Amount Needed	**$12,684,407**		**$12,295,878**	**$406,350**
Commitment - TRCCF Services - GF	369.7		357.4	
Avg Weighted TRCCF Rate:	$77.22		$77.22	
Days per Year	365		366	
FY09 TRCCF Services Amount Needed	**$10,420,105**		**$10,101,182**	**$333,820**
Commitment - TRCCF Fee for Service - CFE	369.7		357.4	
Avg Daily Reimbursement: B Level Services	$18.72		$19.09	
Days per Year	365		366	
FY09 TRCCF FFS Amount Needed	**$2,526,086**		**$2,496,976**	**$37,082**
FY09 Detention Contracts - GF (31 beds @ $ 128.08 X 365 days)	**$1,453,412**		**$1,457,374**	**$48,163**

Purchase of Contract Placements Summary	Purchase of Contract Placements 08-09 Need Dec 06 LCS	FY 2007-08 Appropriation	Leap Year Base Adjusment	FY 2008-09 Base Appropriation	Decision Item Request
TOTAL	**56,398,382**	**54,786,665**	**-148,229**	**54,638,436**	**$ 1,759,946**
GF	**53,591,246**	**52,007,869**	**-135,361**	**51,872,508**	**$ 1,718,738**
CFE	**2,807,136**	**2,778,796**	**-12,868**	**2,765,928**	**$ 41,208**
MCF	**2,807,136**	**2,778,796**	**-12,868**	**2,765,928**	**$ 41,208**
MGF	**1,403,568**	**1,389,398**	**-6,434**	**1,382,964**	**$ 20,604**
NGF	**54,994,814**	**53,397,267**	**-141,795**	**53,255,472**	**$ 1,739,342**