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*This report was initially released electronically before being printed in hardcopy format*

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## **Complete and Accurate Costing of Residential and Detention Juvenile Justice Programs Is Needed to Properly Evaluate State- and Privately Operated Facilities**

### **Overview**

The Department of Juvenile Justice (DJJ) needs an instituted practice of (1) validating the accuracy of its cost accounting, (2) allocating indirect costs to its facilities, and (3) using complete facility cost data for comparison of costs (including indirect costs) among its state-operated facilities, and between state- and privately operated facilities. A full cost analysis would provide the state valuable information in its efforts to assess the cost effectiveness of both state- and privately operated facilities.

Each year DJJ reports its Program Accountability Measures (PAM), which assesses and ranks Florida's residential juvenile justice programs on recidivism and cost-effectiveness. The cost effectiveness measure needs to include indirect costs for state programs to avoid an underestimation of the average cost per youth and the average cost per completion.

The Florida Information and Accounting Resource (FLAIR), the state's current accounting system, is cumbersome and inadequate to the task of enabling state agencies to capture data by programs and activities. The State of Florida recently suspended its efforts to implement a new statewide accounting system. An enterprise-wide information and accounting system remains a need for State of Florida citizens and state managers to assess, enhance and demonstrate the value of state programs.

A cost comparison between state- and privately operated facilities, using DJJ data for the year ended June 30, 2006 is shown in Table 5 of this report. These data are generated from a deficient cost accounting system with estimated ranges for indirect costs. If correct, the data indicate amounts paid to the private providers to be generally less than the cost of state-operated facilities.

### **Purpose**

This study was conducted to provide Florida's policymakers and other statutory and constitutional bodies with a cost determination (operating costs, excluding fixed capital outlay) for the residential and detention juvenile justice programs operated by the State of Florida during

the fiscal year ended June 30, 2006. This report is expected to assist the State of Florida in its ability to accurately assess the cost effectiveness of its juvenile residential and detention services.

Note: *Residential* programs are those that provide care, custody and treatment for youth committed to the DJJ. *Detention* programs refer to those that provide secure facilities for arrested youth awaiting court proceedings.

### **About DJJ Residential Service Delivery**

Youth are placed in residential commitment when their status of remaining in the community is determined to be a detriment to public safety. Residential programs provide 24-hour physical care and custody of the youth, along with specialized programs (e.g., mental health, substance abuse and sexual offender). There are 134 facilities, 12 of which are operated by the State of Florida.

Residential services may be classified by restrictiveness level, facility and service type. Section 985.03, Florida Statutes, designates four restrictiveness levels of residential commitment: (1) *Low-risk*, (2) *Moderate-risk*, (3) *High-risk*, (4) *Maximum-risk*. These levels represent increasing restriction on the movement and freedom of committed youth. The low- to moderate-risk residents are generally in *Non-secure* facilities. The high- to maximum-risk are in *Secure* facilities. There are also service type classifications. All youth receive *Custody and Care* services, but may also receive specialized services: *Medical*, *Mental Health (MHOS)*, *Substance Abuse (RSAT)* and *Sexual Offender*.

### **About DJJ Detention Center Service Delivery**

The department operates 26 juvenile detention centers in 25 counties with a total of 2,057 beds. The detention centers provide custody, supervision, education, medical, mental health, and substance abuse services. The detention centers are operated and managed by the state. Contract services are used within the detention centers for medical, mental health, psychiatric, laboratory, and food services.

Youth under age 18 arrested by law enforcement are assessed using the Detention Risk Assessment Instrument (DRAI) to determine if they should be securely detained to protect the public. Youth arrested for crimes that are considered to be a risk to public safety may be placed in a short-term, physically secure detention center while awaiting court proceedings. Youth that are considered to be a low risk to public safety are released to a parent or guardian or are placed on home detention status and released with provisions to a parent or guardian's supervision.

Youth appear before the court within 24 hours of placement in a secure detention facility, at which time the juvenile judge evaluates the need for continued detention. Secure Detention generally has a maximum 21-day limit. However, youth charged with serious offenses can be held up to 30 days and serious juvenile offenders may be held longer while awaiting placement in a residential corrections facility.

### **Cost of DJJ Operated Residential and Detention Facilities**

This cost determination study found that DJJ does provide for costing of its facilities within the statewide accounting system (FLAIR). However, DJJ does not have an instituted practice of (1)

validating the accuracy of its cost accounting, (2) allocating indirect costs to its facilities, and (3) using complete facility cost data for comparison of costs (including indirect costs) among state operated facilities, and between state- and privately operated facilities. In addition, the allocation of indirect costs needs to be supported by an acceptable cost methodology for allocating statewide and departmental overhead costs to both state- and privately operated facilities.

Each year, DJJ reports its Program Accountability Measures (PAM) which assesses and ranks Florida's residential juvenile justice programs on recidivism and cost effectiveness. Cost effectiveness is measured as the standardized difference between each program's average cost per youth completing the program and the statewide average cost per completion. The cost effectiveness measure needs to include indirect costs for state programs to avoid an underestimation of the average cost per youth and the average cost per completion. While the average cost per completion for privately operated facilities includes the provider's overhead, it does not include DJJ's costs to administer and monitor the contracts for the private programs.

The use of a full cost analysis of DJJ facilities would provide the state valuable information in its efforts to assess the cost effectiveness of both state and private operated facilities. Without a periodic assessment of full facility operation costs, along with performance data collected by DJJ, the State of Florida does not have complete information needed to evaluate its juvenile facility programs and compare its service delivery modes. A full cost analysis is also needed to adequately monitor and assess the contracting success of its private operated programs. The lack of full cost analysis poses a risk to the citizens and youth served by DJJ programs.

The current state accounting system (FLAIR) is cumbersome and inadequate to the task of enabling state agencies to capture data by programs and activities. The State of Florida recently suspended its efforts to complete its Project Aspire, an initiative to implement a new statewide accounting system, using PeopleSoft software. As a result, an enterprise-wide information and accounting system remains a need for State of Florida citizens and state managers to assess, enhance and demonstrate the value of state programs.

To determine that all indirect residential and detention costs were captured in our cost tables below, Florida TaxWatch (1) obtained the statewide indirect cost allocation plan, (2) reviewed the legislative appropriations for the DJJ residential and detention programs, Chapters 2005-70, Laws of Florida, and (3) agreed appropriated amounts to the DJJ-approved operating budget and subsequent budget allotments in FLAIR.

Since an indirect cost methodology has not been adopted and utilized by DJJ, we reported the indirect cost amounts in our cost tables below with an estimated minimum amount (est. min.) and an estimated maximum amount (est. max.) allocable to state facilities. The estimated minimum amount allocates a portion of the indirect costs to the privately operated facilities, based upon their budget allotment in relation to the state-operated facility budget allotment. The estimated maximum is the total amount of state indirect cost, in which all indirect costs are allocated to the state operated facilities. The "true" allocation is not determinable without an indirect cost allocation study and plan.

The following tables show cost information within restrictiveness level and supplemental data for state-operated residential facilities. Included in supplemental data are usage days, defined as

the number of days youth are served within DJJ facilities, and availability days, defined as the number of days youth are able to be served within DJJ facilities. Availability days are not shown for detention facilities, since more than one youth are generally served within a day. Although private costs were not in the scope of the study, the data were obtained from DJJ to serve as a comparison with state costs as currently available.

Florida TaxWatch reviewed the process for determining the number of usage days. Resulting inquiries of procedures and internal controls in place indicated that the DJJ information system is capable of capturing a substantially accurate count of usage days.

### **Recommendations**

To foster policy and management decision-making, the State of Florida needs to continue to pursue an enterprise-wide information and accounting system to assist state agencies in program and activity costing. In the meantime, DJJ should continue to enhance its facility-costing efforts by:

- 1) assessing and validating its process for capturing state direct costs for facility operations,
- 2) determining and adopting an acceptable indirect cost methodology for facility costing, and
- 3) instituting a practice to incorporate full cost data (including state indirect costs) into the performance reporting and management processes that analyze the cost-effectiveness of DJJ's various service delivery modes, including an assessment of state versus private operated facilities.

**Table 1 –Residential Facility Cost and Supplemental Data – State Operated - Year Ending June 30, 2006**

	<b>Beds</b>	<b>Auth FTE's</b>	<b>Staffing Ratio</b>	<b>Cost</b>	<b>Daily Usage Cost<sup>1</sup></b>	<b>Daily Availability Cost<sup>2</sup></b>
<b>Non-secure Facilities</b>						
Britt Halfway House	28 Total 11 RSAT	20.0	.71	\$1,218,799	\$120.00	\$119.46
DeSoto Juvenile Correctional Facility	100 MH	108	1.08	\$5,955,150	\$169.65	\$163.15
Duval Juvenile Residential Facility	28 Total 21 MHOS	20.5	.73	\$1,039,591	\$113.00	\$101.72
Falkenberg Academy	100 Total 29 RSAT 12 MHOS	75.0	.75	\$3,946,386	\$116.00	\$108.12
Leslie Peters Halfway House	28 RSAT	20.5	.73	\$1,209,517	\$120.79	\$118.35
Pensacola Boys Base	28 Total 14 MHOS	17.0	.61	\$788,014	\$78.00	\$77.11
Price Halfway House	26 MHOS	18.0	.69	\$1,034,115	\$117.66	\$108.97
<b>Secure Facilities</b>						
Broward Intensive Halfway House	28 Total 12 MHOS	28	1.0	\$1,359,281	\$157.47	\$133.00
DeSoto Juvenile Correctional Facility	154 Total 124 DD 30 MH	297	1.9	\$17,497,710	\$327.18	\$311.29
Dozier SOP & Training School	192 Total 80 Sex	192	1.0	\$9,144,345	\$133.00	\$130.48
Jackson Juvenile Offender Correctional Center	96 Total 32 Sex	76.0	.79	\$3,964,036	\$114.37	\$113.13
Orange Intensive Halfway House	24 Total 20 DD	18.0	.75	\$970,942	\$119.54	\$110.84

**Source: DJJ Provided Data and Costs extracted from FLAIR**

**MH: Intensive Medical Health, MHOS: Mental Health Overlay Services; RSAT: Residential Substance Abuse Treatment; DD – Dual Diagnosed; Sex – Sex Offender**

<sup>1</sup>Daily Usage Cost represents actual bed use

<sup>2</sup>Daily Availability Cost is based upon 365 day bed availability

**Table 2 - Detention Facility Cost and Supplemental Data – State Operated  
Year Ending June 30, 2006**

<b>Facilities</b>	<b>Beds</b>	<b>Auth FTE's</b>	<b>Staffing Ratio<sup>1</sup></b>	<b>Detention Center Total</b>	<b>Usage Days</b>	<b>Cost per Day</b>
Escambia	50	50	1.00	3,037,633	24,753	122.72
Okaloosa	50	50	1.00	2,945,927	14,242	206.85
Leon	56	54	.96	3,261,083	21,236	153.56
Duval	144	99	.69	5,358,986	41,752	128.35
Marion	88	81	.92	4,544,508	33,801	134.45
Volusia	90	94	1.04	5,326,501	28,861	184.56
St. Johns	50	49	.98	2,558,261	16,138	158.52
Alachua	72	67.5	.94	3,642,649	24,563	148.30
Bay	52	51	.98	2,679,566	14,133	189.60
Pasco	57	56	.98	2,703,418	17,726	152.51
Pinellas	120	101	.84	6,129,890	38,023	161.22
Orange	151	132	.87	6,831,541	54,705	124.88
Osceola	50	52	1.04	2,589,860	15,966	162.21
Polk	90	93	1.03	4,342,492	25,052	173.34
Manatee	72	67	.93	3,238,245	28,859	112.21
Hillsborough West	93	82	.88	4,144,129	33,866	122.37
Hillsborough East	50	52	1.04	2,769,677	19,459	142.33
Seminole	39	38	.97	2,127,784	17,594	120.94
Brevard	52	53	1.02	2,728,648	18,998	143.63
Dade	226	240	1.06	15,246,132	70,583	216.00
Palm Beach	93	82	.88	5,550,709	37,394	148.44
Broward	109	86	.79	5,380,024	42,561	126.41
St. Lucie	78	74	.95	3,754,040	29,894	125.58
Southwest	60	49	.82	2,873,751	26,828	107.12
Collier	50	50	1.00	2,370,102	15,680	151.15
Monroe	15	22	1.47	889,958	2,429	366.39

**Source: DJJ Provided Data and Costs extracted from FLAIR**

<sup>1</sup>There is often more than one youth per bed per day

**Table 3 –Aggregate Facility Cost – State Operated - Year Ending June 30, 2006**

<b>Facility/Cost Type</b>	<b>Aggregate Cost</b>	<b>Usage/Availability Days</b>	<b>Daily Usage Cost</b>	<b>Daily Availability Cost</b>
<u>Non-secure Residential Facilities</u>	\$15,191,572	117,256	\$129.56	\$123.14
With State Indirect Cost (min.) <sup>1</sup>	\$ 346,922	123,370		
Total	\$15,538,494		\$132.52	\$125.95
With State Indirect Cost (max.) <sup>2</sup>	\$12,061,575			
Total	\$27,253,147		\$232.42	\$220.91
<u>Secure Residential Facilities</u>	\$32,936,314	173,507	\$189.83	\$182.66
With State Indirect Cost (min.) <sup>1</sup>	\$ 3,382,307	180,310		
Total	\$36,318,621		\$209.32	\$201.42
With State Indirect Cost (max.) <sup>2</sup>	\$18,285,354			
Total	\$51,221,668		\$295.21	\$284.08
<u>Detention Facilities</u>	\$107,025,514	715,096	\$149.67	
With State Indirect Cost	9,528,321			
Total	\$116,553,835		\$162.99	

**Source: DJJ Provided Data and Costs extracted from FLAIR**

<sup>1</sup>The minimum state indirect costs that could be allocated to the state operated facilities based upon the ratio of the expenditures and beds between state operated and private operated facilities.

<sup>2</sup>The maximum state indirect costs are the total indirect costs that could be allocated to the state to operate residential facilities and considers no indirect costs allocable to private operated facilities.

**Table 4 –Aggregate Facility Cost – Private Operated - Year Ending June 30, 2006**

<b>Facility/Cost Type</b>	<b>Aggregate Cost</b>	<b>Usage Days</b>	<b>Available Bed Days</b>	<b>Daily Usage Cost</b>	<b>Daily Availability Cost</b>
<u>Non-secure Residential Facilities</u>	\$144,832,932	1,135,906	1,324,950	\$127.50	\$109.31
With State Indirect Cost <sup>1</sup>	\$11,714,653				
Total	\$156,547,585			\$137.82	\$118.15
<u>Secure Residential Facilities</u>	\$73,569,253	419,453	459,170	\$175.39	\$160.22
With State Indirect Cost <sup>1</sup>	\$14,903,047				
Total	\$88,472,300			\$210.92	\$192.68

**Source: DJJ Provided Data and Costs extracted from FLAIR**

<sup>1</sup>The state indirect costs are allocated based upon the ratio of the expenditures and beds between state operated and private operated facilities.

**Table 5 – Daily Facility Cost – State/Private Comparison - Year Ending June 30, 2006**

<b>Facility/Cost Type</b>	<b>State Daily Usage Cost</b>	<b>Private Daily Usage Cost<sup>1</sup></b>	<b>State Daily Availability Cost</b>	<b>Private Daily Availability Cost<sup>1</sup></b>
<b><u>Non-secure Residential Facilities</u></b>				
Without State Indirect Costs	\$129.56	\$127.50	\$123.14	\$109.31
State Indirect Cost Prorated <sup>2</sup>	\$132.52	\$137.82	\$125.95	\$118.15
All Indirect Cost to State <sup>3</sup>	\$232.42	\$127.50	\$220.91	\$109.31
<b><u>Secure Residential Facilities</u></b>				
Without State Indirect Cost	\$189.83	\$175.39	\$182.66	\$160.22
State Indirect Cost Prorated <sup>2</sup>	\$209.32	\$210.92	\$201.42	\$192.68
All Indirect Cost to State <sup>3</sup>	\$295.21	\$175.39	\$284.08	\$160.22

**Source: DJJ Provided Data and Costs extracted from FLAIR**

<sup>1</sup> The private costs are based upon agreed fees per contract. Private indirect costs are inherent in fee; but, private actual costs may be more or less per vender.

<sup>2</sup> The state indirect costs are allocated based upon the ratio of the expenditures and beds between state operated and private operated facilities.

<sup>3</sup> All state indirect costs are allocated to the state.

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