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Division for Youth

Cost of Residential Care

Report 87-S-153

Office of the State Comptroller
Edward V. Regan
State Comptroller

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STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER
ALBANY, NEW YORK
12236

EDWARD V. REGAN
STATE COMPTROLLER

July 29, 1988

The Honorable Leonard G. Dunston
Director
Division for Youth
84 Holland Avenue
Albany, NY 12208

Re: Report 87-S-153

Dear Mr. Dunston:

Pursuant to the State Comptroller's authority as set forth in Section 1, Article V of the State Constitution and Section 8, Article 2 of the State Finance Law, we have examined the Division for Youth's Cost of Residential Care as of December 31, 1986. Our examination was an economy and efficiency audit. The audit included determinations of whether the Division for Youth is managing and utilizing its resources economically and efficiently, and whether the Division for Youth has complied with laws and regulations concerning matters of economy and efficiency. We reviewed: the Division for Youth's historical development; residential facility program staffing, operating costs, and utilization; and overall program planning and evaluation. We visited 25 of the Division for Youth's 59 facilities, located throughout the State, to review facility staffing and facility utilization. For comparison we obtained similar fiscal and program data from five states which operate residential treatment programs similar to the Division for Youth.

Our examination was made in accordance with generally accepted government auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Office of the State Comptroller
Division of Management Audit

117982

OFFICE OF THE STATE COMPTROLLER
DIVISION OF MANAGEMENT AUDIT
REPORT 87-S-153

DIVISION FOR YOUTH
COST OF RESIDENTIAL CARE

MANAGERIAL SUMMARY

Scope of Examination and Background

We have examined the Division for Youth's (Division) Cost of Residential Care as of December 31, 1986. Our examination was an economy and efficiency audit. The audit included an assessment of whether the Division is managing and utilizing its resources economically and efficiently, and whether the Division has complied with laws and regulations concerning matters of economy and efficiency. We reviewed: the Division's historical development; residential facility program staffing, operating costs, and facility utilization; and overall program planning and evaluation. We visited 25 of the Division's 59 residential facilities, (including secure centers, limited secure centers, rural residential centers, and youth development centers)located throughout the State, to review facility staffing and facility utilization. For comparison we obtained similar fiscal and program data from five states which operate residential treatment programs similar to the Division. The audit was conducted in accordance with generally accepted government auditing standards.

The Division is responsible for statewide programs to prevent juvenile delinquency. The programs provide for the care, treatment and rehabilitation of youths placed with the Division by the courts, designated as Juvenile Offenders, Juvenile Delinquents, and Persons-In-Need-of-Supervision. To meet the needs of these youths the Division operates a variety of residential treatment programs in its 59 facilities and 145 family foster care homes. The Division also contracts with over 70 voluntary agencies for residential care to youths processed by the courts but not placed in Division facilities.

The Division annually computes the cost of residential care and the per diem costs of its facilities. For the 1985 calendar year, the Division's cost of residential care ranged from $11,315 for foster care to $82,855 for secure facilities (See Exhibit A), and equaled $116.4 million of the $221.6 million total Division appropriation. According to the Division's 1986 Youth Rate Schedule, the Division's cost of residential care increased to $123.6 million during 1986.

During 1985 the Division supervised an average of 1,880 youths, including 1,723 residing in residential programs and 157 in family foster care homes. The Division also has responsibility for 750 youths placed in private voluntary agencies. Another 1,200 youths were under aftercare supervision, a program designed to provide follow-up services to youths after release from Division facilities.

Major Observations and Conclusions

The Division could improve the cost-effectiveness of its residential care operations and should take aggressive action to control program costs and to promote increased economic and efficient facility operations.

In 1971 the State Training School System was transferred from the Department of Social Services to the Division. Between 1971 and 1985 residential care program costs have risen from $34 million to $116.4 million. Inflation accounted for $56.4 million of the increase. Discounting inflation, program costs rose $26 million while during the same period the average annual residential youth population decreased 22 percent, from 2,420 to 1,880.

1. The Division Could Improve Utilization of Staff and Facilities

We determined that the Division has not implemented uniform staffing patterns at its facilities. As a result, staffing disparities exist in facility staffing within each level of residential care. Furthermore, the Division has additional underutilized physical capacity at certain facilities which could be used for more youth placements.

a. Costs Per Youth Are Excessive

The average annual cost of care for facilities within each residential program level (e.g., secure, limited secure) varies considerably depending on facility staffing (See Exhibit B). The cost of residential care in one facility is more than double that of the lowest cost facility within the same residential program level. In Level I the average annual cost to maintain a youth during 1985 at the Goshen Secure Center was $72,270 compared to $157,315 at the Stevens Temporary Release Facility. The overall staff to youth ratios at the two facilities were 1.6:1 at Goshen and 3.5:1 at Stevens. The Goshen Facility averaged 129.9 staff for 78.9 youths while the Stevens Facility averaged 23.6 staff for 6.8 youths. Further analysis of staffing at the two secure facilities showed the following staff to youth ratios:

- administrative staff - 1 staff for 7.2 youths at Goshen versus 1 staff for 2.8 youths at Stevens;
- youth development counselors - 1 staff for 5.9 youths at Goshen versus 1 staff for 1.4 youths at Stevens;
- youth development aides - 1 staff for 1.0 youth at Goshen versus 1 staff for .6 youths at Stevens; and
- all other staff - 1 staff for 2.6 youths at Goshen versus 1 staff for 1.5 youths at Stevens.

The staffing variances at Stevens contributed significantly to the additional $85,045 in the average annual cost of residential care per youth. The higher staffing ratios are related to the Division's establishment of a temporary release program at the facility. The Division had previously operated a community-based program for 50 youths at the facility and staffing levels remained unchanged when the facility was converted to operate a 10-bed temporary release program. Therefore, in complying with the legislative and judicial mandates to establish a temporary release program, the Division did not ensure that the program operated in an efficient manner.

b. The Division's Cost of Residential Care is More Costly Than Other States

To put New York's program in perspective, we contacted officials from five states (New Jersey, Illinois, California, Texas, and North Carolina) who are also responsible for operating juvenile correction programs. Of the five states surveyed, North Carolina had the least costly noncommunity-based residential program at $22,969 per youth and Illionis had the most expensive noncommunity-based residential program at $28,709 per youth (See Exhibit C). Yet, these costs were considerably less than New York State's 1984 cost of noncommunity-based residential youth care of $53,537 per youth. Each of the five other states operates fewer noncommunity-based facilities with larger population capacities and less staffing than does New York State. While New York uses 31 facilities to house 1,289 youths, New Jersey uses 3 facilities for 665 youths, California houses 6,079 youths in 16 facilities, North Carolina uses 5 facilities for 638 youths, Texas houses 1,261 youths in 8 facilities, and Illinois uses 7 facilities to house 1,114 youths. Further, the Division's ratio of 1.61 staff per youth significantly exceeds the ratios of the other states.

c. The Division's Impact on Recidivism is Comparable to Other States

We found no indication that the higher cost of New York's program achieves better results in terms of correcting a youth's behavior and preventing the youth's involvement in additional delinquent acts and further penetration into the juvenile justice system. Although it appears that the recidivism rate of youths placed in the Division's care is comparable to other states' recidivism rates, New York State is spending considerably more for residential care.

The Division, in attempting to determine the recidivism of youths placed with the Division, examined the youths' subsequent criminal involvement. The Division selected 571 youths, aged 16 or older, who were released from the Division during 1979 and 1980 and tracked them for 30 months following release using available criminal justice data. The

Division's report, issued in the fall of 1984 states that 66 percent of the youths were arrested at least once within 30 months after release, of which 83 percent were convicted. The report also states that the recidivism rate has increased since the 1970's.

The Division in performing its study compared its recidivism experience with other states that operated similar programs: Massachusetts, California, and Illinois. The Division found that the available evidence suggests that its recidivism rates were not significantly different from those reported in the three other states. Therefore, California and Illinois, two of the states we had surveyed, have been able to achieve similar results as New York State, but at approximately half the cost per youth.

2. <u>The Division Should Regularly Evaluate Its Residential Care Program</u>

We determined that the Division needs to develop and implement an ongoing program planning and evaluation system. Such a system could establish goals and focus accountability for determining whether its programs are achieving desired results. Program planning and evaluation based on predetermined criteria, objectives and desired outcomes is essential for management to:

- know the current status of their programs;
- determine which factors impact on desired outcomes;
- detect negative trends in performance and determine appropriate corrective action; and
- achieve the agency's desired goals and required mission.

It is also conducive to subsequent program planning which ensures proper resource allocation and management.

3. The Youth Case Data Base System Should Be Modified to Be More Useful

The Division implemented the Problem Oriented Service Planning System (POSP) in 1979 to establish a data base of youth problems, needs, and planned services. However, the Division has found that the youth case data submitted to central office is not uniform and may not be sufficiently detailed for a useful and accurate data base. We found that the Division does not ensure that all required POSP reports are received nor has it developed a tracking system to monitor youth service needs and progress while in residence.

Review of data submitted by other states shows that several states have developed ongoing program analysis and evaluation systems including criteria, desired objectives, and measurable outcome indicators. However, we found that the Division does not routinely obtain and analyze such data to enhance its ability to properly plan, direct, and appraise its operations.

* * * * *

Division officials agree that they should strive to operate the most cost-efficient and program effective residential child care system possible. They further concurred with most of the recommendations and have already begun to address the issues raised in the report through the following initiatives: a Client-Facility Classification System, a Residential Capacity Plan, and a Staffing Project.

Division officials did take exception to many of the audit findings. They also claimed that the report concluded that the cost of residential care is directly correlated to recidivism. However, as we cited in our report, the Division had compared its recidivism experience with other states that operated similar residential care programs and indicated its rates were not significantly different. Our report showed that two of the states (California and Illinois) referred to in the Division's own study were able to achieve a comparable recidivism rate. The audit report also shows that the two states had significantly lower costs of residential care.

Division officials further state that while costs have to be heavily weighed, improvements to a youngster's adjustment status - which is the primary focus of residential care - must also be considered in determining success. They indicated that studies have shown the positive, effective programming of such residential care. However, no evidence to support such a claim was provided with the Division's response.

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DIVISION FOR YOUTH
COST OF RESIDENTIAL CARE

A. Introduction

1. Background

The Division for Youth (Division) is responsible for statewide programs to prevent juvenile delinquency. The programs provide for the care, treatment and rehabilitation of youths adjudicated as Juvenile Offenders (JO's), Juvenile Delinquents (JD's), Persons-In-Need-of-Supervision (PINS), and other trouble-prone youths. To meet the needs of its clientele, the Division has developed a variety of residential treatment environments, including 59 facilities and 145 foster care homes within six program levels, as follows.

Level I - 8 secure facilities, ranging in size from 10 to 100 beds, provide the most controlled and restrictive residential programs for JO's and certain designated JD's.

Level II - 10 limited secure facilities, ranging in size from 27 to 120 beds, provide intensive supervision but less physical security for JD's.

(There is no Level III)

Level IV - 11 noncommunity based facilities, ranging in size from 18 to 60 beds, provide structured programs in rural settings for JD's and PINS who require removal from the community, but who do not pose a constant security risk.

Level V (Youth Developmental Centers - YDC's) and Level VI (Urban and Special Residential Homes) - 30 community-based facilities, ranging in size from 7 to 50 beds, that make extensive use of community resources to provide services primarily for JD's and PINS in their transition toward discharge into the community.

Level VII - Foster Care - The Division operates 145 family foster care homes. The Division also contracts with over 70 voluntary agencies for residential care to adjudicated youth not placed in Division programs.

Division expenditures for residential care, maintenance and supervision, including family foster care and post residential supervision (aftercare), are generally subject to 50 percent reimbursement by local social service districts, in accordance with Section 529 of the Executive Law. The Division annually computes the actual cost of residential care and the per diem costs of its facilities for reimbursement purposes. The cost of residential care includes calendar year direct facility on-grounds expenditures, employee fringe benefits, prorated costs for central administration, program and support services, youth intake, placement, and supervision services.

For the 1985 calendar year, the Division's average annual per youth cost of residential care was $62,050, ranging from $11,315 for foster care to $82,855 for secure facilities. During 1985, the Division was responsible for an average of 2,630 youths, including 1,723 residing in Division facilities, 157 in family foster care homes and 750 youths placed in private voluntary agencies. Another 1,200 youths were under aftercare supervision, a program designed to provide follow-up services to youths after release from Division facilities.

While residential care services absorb the major share of the Division's resources ($116.4 out of a $221.6 million 1986-87 budget), they do not represent the totality of the Division's responsibilities for preventing and deterring delinquency. The Division provides financial aid and technical assistance to localities and community-based organizations to develop delinquency prevention and youth development programs. The Division also provides financial support to local social service districts for the care and maintenance of youths placed by the courts in privately or municipally operated rehabilitation or detention facilities. The Division employs about 3,500 staff, who work at the residential facilities, in the Albany central office, and in the regional offices in various locations throughout the State.

2. Historical Perspective

Since the 1960's, changes in public policy resulting from legislation and judicial decisions for treating juvenile delinquency have significantly impacted Division programs, costs, and direction.

In 1960, the State Youth Commission was merged into the Division at which time the Division was developing residential treatment programs as alternatives to placement in the Department of Social Services' training school system. In 1971, the Division assumed responsibility for the training schools from the Department of Social Services (12 schools and centers housing 1,550 youth) to consolidate the State's youth programs. By this time, the Division had developed 27 residential programs (camps, start centers, urban homes and family foster care homes) housing 870 youths.

Federal and State legislation and court decisions (1973-1976) prohibiting the placement of PINS in training schools and secure centers resulted in a sharp decline of PINS placements and a growing reliance on community-based facilities to care for these youths. By 1978, there were no PINS in training schools, and the placement of PINS in noncommunity-based facilities since then has been sharply reduced. Moreover, since 1978 the overall population of PINS in the Division has declined by 25 percent.

State legislation in 1976 (Juvenile Justice Reform Act) and 1978 (Juvenile Offender Law) mandated more restrictive court treatment of certain juvenile delinquents and juvenile offenders. The legislation resulted in the rapid expansion of Division secure and limited secure facilities and staffing to treat and supervise youths placed with the Division for more serious crimes. From 1978 to 1982, there was a sharp increase in juvenile arrest rates and in the number of youths designated for placement in noncommunity based facilities, especially in secure centers. Youths sentenced as JD's and JO's were held in local detention centers, principally the Spofford Juvenile Detention Center in New York City, for long periods of time before placement with the Division. Two court decisions in 1980 (Ronald W.) and 1982 (Crespo) required the Division to accept adjudicated JD's and JO's from Spofford within 15 days and 10 days, respectively, after sentencing. Consequently, the Division was required to further expand its secure programs to accommodate increasing youth admissions.

The increase in admissions to secure facilities, however, was short lived following the decline in arrest rates and in the number of youths placed with the Division. Secure facility populations have been on the decline since 1982, with changes in arrest, prosecution, and sentencing practices seen by the Division as contributing factors.

Family foster care populations have declined, while the populations in the other community-based programs have remained stable. However, the number of Division youths placed with private voluntary agencies has increased.

Draft copies of this report were provided to Division officials. Their comments have been considered in preparing this report. Division officials agree that they should strive to operate the most cost-efficient and program effective residential care system possible. They further concurred with most of the recommendations and have already begun to address the issues raised in the report. However, Division officials take exception to many of the audit findings. A copy of the Division's complete response is attached as Appendix A.

Within 90 days after the final release of this report, as required by Section 170 of the Executive Law, the Director of the Division for Youth shall report to the Governor, the State Comptroller, and leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendations contained herein and where recommendations were not implemented, the reasons therefor.

B. Cost of Residential Care Overview

Division records indicate that between 1971 and 1985 the annual cost of its residential care program has risen from $34 million to $116.4 million. Inflation accounted for $56.4 million of this increase. Discounting inflation, program costs rose $26 million while during this same period the average annual residential youth population decreased 22 percent, from 2,420 to 1,880.

Factors contributing to this increase include Division policy in the early 1970's to deinstitutionalize the system by closing and/or reducing the use of large rural congregate training schools and by expanding the use of smaller community-based facilities. Another important factor impacting on the cost of residential care was the increased public concern for serious juvenile crime; this concern culminated in the enactment of the Juvenile Offender Law in 1978. The passage of the Law required the Division to shift its focus by developing more secure noncommunity-based facilities. Other factors have had an impact, including judicial decisions at both the Federal and State level, as well as Division policy to prohibit the commingling of youths adjudicated as PINS with youths adjudicated as JDs in secure and limited secure facilities.

For the 1985 calendar year, the Division's cost of residential care ranged from $11,315 per youth for foster care to $82,855 per youth for secure facilities and equaled $116.4 million of the $221.6 million total Division appropriation[1]. However, the average annual cost of care by facility within each residential program level could vary considerably depending on the facility[2]. Some facility operations cost more then twice as much as others to operate. For example, in Level I the average annual cost to maintain a youth during 1985 at the Goshen Secure Center (the lowest cost facility) was $72,270 compared to $157,315 at the Stevens Temporary Release Facility (the highest cost facility), a difference of $85,045.

The overall staff to youth ratios at the two facilities were 1.6:1 at Goshen and 3.5:1 at Stevens, a staffing difference of over 100 percent. The Goshen Facility averaged 129.9 staff for 78.9 youths while the Stevens Facility averaged 23.6 staff for 6.8 youths. Further analysis of staffing at the two secure facilities showed the following staff to youth ratios:

- administrative staff - 1 staff for 7.2 youths at Goshen versus 1 staff for 2.8 youths at Stevens;

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[1]See Exhibit A for comparisons of the cost of residential care for the 1985 calendar year by residential program level.

[2]See Exhibit B for comparisons of the cost of residential care for the 1985 calendar year by facility within each residential program level.

. youth development counselors - 1 staff for 5.9 youths at Goshen versus 1 staff for 1.4 youths at Stevens;

. youth development aides - 1 staff for 1.0 youth at Goshen versus 1 staff for .6 youths at Stevens; and

. all other staff - 1 staff for 2.6 youths at Goshen versus 1 staff for 1.5 youths at Stevens.

The higher staffing ratios at Stevens are attributable to the Division's establishment of a temporary release program at the facility. The Division had previously operated a community-based program for 50 youths at the facility and staffing levels were maintained to operate the 10-bed temporary release program. In complying with the legislative and judicial mandates, the Division did not ensure that the temporary release program operated in an efficient manner.

The need for efficient and economic operation for all levels of residential care prompted the Legislature, in 1983, to mandate that the Division submit a comprehensive five year plan of action to the Legislature with annual revisions. The plan is to include: methods for containing residential cost of care; projections for facility populations; analysis of current and anticipated utilization of facilities; a plan to adjust residential capacities based on utilization analyses; and the provision for youth services.

Since 1984 the Division has submitted its five year plan and annual revisions. However, we found no indication that the Division has determined the facility size and required staffing that would be cost beneficial while also ensuring that the appropriate level of services is provided to the residents.

To put New York's youth residential program in perspective, we contacted officials from five states (New Jersey, Illinois, California, Texas, and North Carolina) who are also responsible for operating juvenile correction programs. They provided us with a wide range of program information including youth population statistics, per capita residential costs, and staffing ratios[3]. Of the five states surveyed, North Carolina had the least costly program at $22,969 per youth and Illinois had the most expensive program at $28,709 per youth. Yet, these costs were considerably less than New York State's 1984 cost of residential youth care of $53,537 per youth for noncommunity-based facilities (Levels I, II, and IV).

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[3]The pertinent data which forms the basis of our comparisons of noncommunity-based residential care among the States is summarized and shown in Exhibit C. Exhibit C does not include community-based residential care data for Levels V, VI, and VII, because the information provided to us by the other States did not include sufficient data to make a comparison with the Division's community-based program.

We also recognize that the data provided to us by the other states does not lend itself to precise comparisons because of such things as different fiscal reporting periods among the states, differing services and programs offered to the youths, and differences in budgeting and accounting methods. For example, Division administration costs and other indirect costs were excluded from New York State's average annual cost per youth in our analysis, because the other states did not indicate that these costs were allocated to their facility operations.

We found that each of the five states surveyed operates fewer noncommunity-based facilities with larger population capacities than does New York State. While New York uses 31 facilities to house 1,289 youths, New Jersey uses 3 facilities for 665 youths, California houses 6,079 youths in 16 facilities, North Carolina uses 5 facilities for 638 youths, Texas houses 1,261 youths in 8 facilities, and Illinois uses 7 facilities to house 1,114 youths.

Since personal service costs (including fringe benefits) amount to about 80 percent of total Division residential operating costs, then New York State's commitment to smaller sized facilities, with their inherent demand for a high concentration of staffing, has had a significant effect on the cost of youth care. The Division's total staff to youth ratio of 1.61 significantly exceeds the ratios of the other states. As for custodial staff (direct care personnel providing day-to-day youth supervision), New York's ratio of .89 custodial staff per youth is from 62 to 324 percent greater than that of the other five states.

We found no indication that New York State's higher program costs achieve better results in terms of correcting a youth's behavior and preventing the youth's involvement in additional delinquent acts and further penetration into the juvenile justice system. Although it appears that the recidivism rate of youth placed in the Division's care is comparable to other states' recidivism rates, New York State is spending considerably more for residential care.

The Division, in attempting to determine the recidivism experience of youths placed with the Division and released from residential care, examined the criminal involvement of youths discharged from residential care. Division officials state that recidivism studies may provide key indicators for assessing program impact on youths released, examining subsequent criminal involvement of former residents, and modifying existing programs to positively affect youth outcomes.

The report, issued in the fall of 1984, is the Division's only recidivism study. The Division selected 571 youths, aged 16 or older, who were released from the Division during 1979 and 1980 and tracked them for 30 months following their release using available criminal justice data. The report states that 66 percent of the youths were arrested at least once within 30 months after release, of which 83 percent were convicted. The report also states that the recidivism rate has increased since the 1970's.

The Division in performing its study compared its recidivism experience with other states that operated similar programs: Massachusetts, California, and Illinois. The Division found that the available evidence suggests that its recidivism rates were not significantly different from those reported in the three other states. Therefore, California and Illinois, two of the states we had surveyed, have been able to achieve similar results as New York State, but at approximately half the cost per youth. Such data leads us to conclude that the Division could significantly reduce its residential cost of care without affecting program results.

Recommendation

Improve the cost-effectiveness of the Division's residential care operations by controlling program costs and promoting increased economic and efficient facility operations. This recommendation includes a strong suggestion that the Division consider expanding the capacities of existing residential facilities; and developing larger capacity facilities while phasing out smaller programs which are less cost-effective. These suggestions pertain to recommendations contained in the following section.

C. Facility Staffing and Utilization

1. Facility Staffing

The Division's cost of residential care is primarily impacted by facility staffing levels and the resulting personal service costs (over 80 percent of total costs).

a. Facility Staffing Levels Vary Considerably

As stated in Section B, staffing ratios vary substantially depending upon the facility. Division officials stated that various factors may contribute to these staffing disparities, including individual facility priorities and available resources, budgetary policy concerning staffing targets, frequent facility modifications and such factors as physical plant, living unit configuration and the mix of available community and noncommunity resources. However, the Division has not analyzed the impact of these factors on the disparities in facility costs.

b. Youth Division Aide Staffing Impacts Significantly on Residential Cost of Care

The most significant staffing disparities among the facilities exist at the custodial care level, where Youth Division Aides (YDA) account for approximately 50 percent of total staffing at noncommunity-based facilities. We found that the level of YDA staffing is often dictated by the physical plant layout of a facility rather than by its population.

In most secure and limited secure facilities and in certain rural residential facilities, the number of facility living units generally dictates the minimum level of required direct care staffing. For example, ten YDA's are usually assigned to each living unit to provide two YDA's on each living unit around the clock, seven days a week. However, living units range in size from less than 10 beds to 20 beds depending on the facility. Therefore, the same number of YDA's are able to supervise living units which vary in size. Facilities with fewer living units or larger living units would require less YDA's per youth and would be less costly.

For instance, among secure facilities, Goshen with five living units (85 beds) requires at least 50 YDA's whereas Brookwood with four living units (50 beds) requires at least 40 YDA's. Consequently, the physical layout and size of the living units at Goshen allows direct care and supervision of 35 more youths with only ten more YDA's. This results in a lower per resident cost of care while also maintaining the desired level of care staffing of two YDA's per living unit around the clock, seven days a week. Goshen's 1985 average per youth cost is $72,270 compared to $81,030 for Brookwood.

Among rural facilities, Sojourner Truth with two living units (20 beds) operated at capacity and employed 22 YDA's, while Auburn with one living unit (19 beds) operated at capacity and employed only 12 YDA's. Sojourner Truth's 1985 average per youth cost is $70,445 compared to $54,020 for Auburn.

c. The Cost of Residential Care at Community-Based Facilities is Too High

The effect of staffing ratios on the average annual cost of rural residential facilities ($51,465), community-based youth development centers ($72,635), and urban homes ($49,640) is also apparent. Rural residential facilities should be more costly than community-based facilities since they generally provide most services to youth on-grounds, whereas community-based YDC's and homes provide a mix of on-ground services with community services such as education, recreation, medical and others. However, the smaller capacities and unit sizes of community-based facilities often result in duplication of staffing, services and other operating costs and do not promote economies of scale. In addition, community-based facilities are not utilized as highly as rural facilities, further increasing their per youth costs. For certain community-based facilities the high cost of residential care was attributable to maintaining staffing levels when facilities were either inoperative or partially operative.

d. Variances Exist in Program Service Staffing Among the Facilities

We noted wide disparities in program service staffing (counseling, health services, education and vocation) for facilities within each level of care. These staffing variances are a major factor in the wide range of facility program costs and resulting per youth costs.

In our prior audit of the Division's Health Services Program (Report 85-S-97) we reported that significant disparities exist in program costs, staffing and services among the facilities, and that the Division has not analyzed the impact of these disparities on the type and quality of services. For example, during the 1984-85 fiscal year, health service costs per youth ranged from $145 at Stevens to $3,022 at Ella McQueen (Bushwick). The major factor contributing to these variances is the personal service costs associated with facility staffing levels.

Our review of 1985 program service staffing levels shows similar staffing disparities. For example, vocational staffing ratios at secure facilities ranged from one staff for 9.4 youth at MacCormack to one staff for 19.8 youth at Goshen. Education staffing ratios at limited secure facilities ranged from one staff for 5.2 youth at Chodikee to one staff for 10.9 youth at Pyramid. Counseling staffing ratios at rural facilities ranged from one staff for 6.6 youth at Willowbrook to one staff for 19.5 youth at Adirondack.

2. Facility Utilization

The Division has not maximized its utilization of existing facility capacities to promote efficiency wherever possible, and in some instances has allowed certain facilities to operate inefficiently by maintaining high staffing levels for relatively few youths.

a. The Division's Stevens Facility is Inefficiently Operated

The Stevens Facility once operated as a youth development center (1976-1982) with a capacity for 50 youths. In 1983, the Division complied with a court order to operate a temporary release program for selected juvenile offenders, providing them with community-based work experience, vocational training, and education programs. The Stevens Facility was converted to a ten bed temporary release facility. However, former staffing levels were maintained. During 1985, the Stevens Facility averaged 6.8 youths in residence, employed 23.6 staff, and cost an average of $157,315 per youth in comparison to 8 other secure facilities with average annual costs per youth ranging from $72,270 at Goshen to $86,870 at Tryon Boys. The Division has not taken sufficient steps to promote more efficient and effective utilization of the Stevens Facility. For example, the Division should consider alternatives, such as a site more suitable for a program for ten youths, reduction of staffing through reassignment to other facilities or programs in the New York City area needing staff, and a consolidation of other residential programs in the New York City area to more fully utilize the Stevens Facility.

b. Some Facilities Have Additional Underutilized Capacity

We found that the Division has additional underutilized physical capacity at certain facilities which could be used for more youth placements.

The Division has had to increase noncommunity-based programming to place youths adjudicated of more serious juvenile crimes in restrictive environments. For example, in 1979 the Division operated 63 facilities - 4 secure, 13 limited secure, 8 rural and 38 community-based. By 1984, the Division still operated 63 facilities, but the mix of facilities changed substantially. During this period, the Division expanded its noncommunity-based facilities from 25 to 31 to accommodate a 42 percent population increase in these facilities. To accommodate the rapid rise in bed demand for mandated JO placements, the Division increased its secure facilities from 4 to 12 and increased staffing to enhance security and safety. As the JO population in secure facilities began to decline in 1984, bed demand for limited secure and rural facilities remained constant. Consequently, in 1984 and 1985 the Division closed two smaller secure facilities (Bronx and Oneida) and converted two other secure facilities (Chodikee and Oatka) to limited secure.

Since 1983, the average daily population in secure facilities has declined from 537 to 438 in 1985. However, demand for beds in limited secure and rural residential facilities remains strong. Our review shows that Division secure facility bed capacity may substantially outstrip projected demand.

As of March 31, 1986, total secure facility budgeted capacity was 507. The Division projects a need for 438 beds by 1990. The Division also plans to expand the Harlem Valley Secure Facility by 64 beds during 1987. This will bring total secure program budgeted capacity up to 571 beds in 1987. Division officials stated that facility conversions may follow if the increased demand for lower level beds continues. Such increased utilization of these available beds would reduce the annual cost per youth.

The Division's budgeted capacities for its facilities are not necessarily the maximum physical capacity for which certain facilities were constructed, and in some cases, budgeted capacity is far less than actual capacity. For example, during our site visits to 25 facilities in June and July 1985, we found that five secure facilities were constructed to house 80 more youths than the current budgeted capacity. We also found that three limited secure facilities and one rural residential facility could also house an additional 29 youths. Other limited secure facilities, such as Industry and Ella McQueen had additional space available (currently used for programs or unused) which could be converted for housing youths in the future.

Moreover, several of these secure and limited secure facilities had previously used this extra space for housing youths. Division officials stated that the excess capacity found at the other facilities during our site visits was actually excess space, and that staff offices or storage rooms in the living units should not be considered as bed space. However, our review shows that this space should be utilized for housing youths to reduce facility costs and further reduce the need for future construction of new facilities.

c. The Demand for Community-Based Programs has Declined

The Division has not determined whether some of the youths placed by the Division in private voluntary agencies could be placed in available Division community-based programs, to reduce per youth costs and promote more efficient utilization of its facilities and staff.

The Division's community-based program includes five youth development centers and 25 group homes with a total budgeted capacity for 519 youth. These facilities consist of small residential units which extensively use community resources to provide required youth services. While these facilities were originally designed to serve nonadjudicated voluntary placements and PINS (status offenders), the recent make-up of the population has gradually shifted to serve primarily JD's and to a lesser extent PINS.

The Division's community-based program's overall utilization dropped from 75 percent in 1978 to 62 percent in 1981. During 1982, the Division reduced overall capacity from 617 to 529 by closing some group homes and consolidating or converting other facilities in line with decreased demand for community-based facilities. Since 1982, overall utilization has ranged from 74 to 82 percent based on the reduced capacity. However, certain facilities, such as the Home 5 Bronx, Home 4 Rochester and Home 22 Troy continue to be utilized between 55 and 65 percent of capacity. At the same time that demand for the community-based program was declining, the Division placed about 750 youths annually with private voluntary agencies for residential care.

While about 65 percent of placements to voluntary agencies are court ordered, 35 percent are placed with the Division which then determines whether voluntary agencies are more suitable for the youths than Division programs. Division officials stated that youths who are unsuitable for voluntary agencies are most often sent to the Division for placement. However, the placement of JD's and PIN's in voluntary agencies rather than Division programs may result in a duplication of costs for youth care, since the Division has excess space available in community-based programs.

Recommendation

Improve the efficiency of the Division's residential care programs by:

- investigating overall staffing disparities that exist among facilities within each level of residential care;
- analyzing such factors as individual facility priorities and available resources, budgetary policy, and facility modifications, and making the necessary program decisions to ensure efficiency while maintaining program services;
- maximizing the utilization of youth division aides to provide the necessary direct care services;
- assessing the utilization of community-based facilities with respect to the number of youths placed in the facilities as well as the smaller capacities and unit sizes of the facilities which do not promote economies of scale;
- examining the variances in program staffing among facilities within the same level of residential care;
- maximizing the utilization of facilities with respect to physical plant capacities; and
- evaluating whether youths placed by the Division in private voluntary agencies could be placed in underutilized Division community-based facilities.

D. Program Planning and Evaluation

Program planning and evaluation based on predetermined criteria, objectives and desired outcomes is essential for management to: (1) know the current status of their programs; (2) determine which factors impact on desired outcomes; (3) detect negative trends in performance and determine appropriate corrective action; (4) ensure proper resource allocation and management; and (5) achieve the agency's desired goals and required mission.

The Division needs to develop and implement an ongoing program planning and evaluation system for direction setting and accountability.

1. Problem Oriented Service Planning System

The Division implemented the Problem Oriented Service Planning System (POSP) in 1979 to improve youth service planning, monitoring and accountability by providing a comprehensive approach to ongoing case planning and recording as well as overall Division planning. The system relies heavily on caseworker recording of essential youth intake, assessment, and periodic case progress review data. The system's intent was to establish a data base of youths' problems, needs, and planned services. Since 1979, various organizational and programmatic changes have necessitated major system revisions. Moreover, when the Division attempted to input the data for computer analysis, the data was found to be deficient. Division officials stated that the youths' case data submitted to central office is not uniform and may not be sufficiently detailed for a useful and accurate data base. Division officials further stated that the POSP system needs revision. Additionally, the Division does not ensure that all required POSP reports are received nor has it developed a tracking system to monitor youth service needs and progress while the youths are in residence.

We reviewed a sample of 30 case records for youths residing at the Pyramid facility in January 1986 to determine the extent of caseworker compliance with POSP system requirements. We found that the 30 case records were missing 59 of 140 required POSP reports. In addition, 9 of 30 case records were missing POSP reports for up to nine months during the youths' placements.

2. Comparative Data

Comparative fiscal and program data from other states operating similar programs could be useful for Division service planning, resource allocation, cost control, and program evaluation. The Division does not routinely obtain and analyze such data. This further limits the Division's ability to properly plan, direct, and appraise its operations.

As previously stated, the Division's average annual cost per youth and staffing ratios are substantially greater than five other states operating large residential programs for juvenile delinquents. Our review of data submitted by other states also shows that several states have developed ongoing program analysis and evaluation systems including criteria, desired objectives, and measurable outcome indicators. For example, Texas has implemented a quarterly and annual evaluation system with certain key indicators to measure the effectiveness and desired outcomes for each program and facility. Program evaluation reports include overall conclusions as well as the status of prior recommendations and implementation plans. Michigan also annually evaluates program and facility performance based on established objectives and outcome measures. California has a long history of evaluating youth educational needs and achievement tests to place youths in appropriate educational programs.

Division officials stated that on specific issues, other states are frequently contacted and that current program planning initiatives for staffing and youth classification have included contact with other states.

Recommendation

Develop and implement an ongoing program planning and evaluation system for direction setting and accountability by:

- ensuring that youth case data is sufficiently detailed, complete, accurate, prepared, and submitted to the central office to provide an accurate data base for the Problem Oriented Service Planning System; and

- obtaining comparative fiscal and program data from other states to enhance the Division's ability to plan, direct, and appraise its program for residential care.

DIVISION FOR YOUTH
COST OF RESIDENTIAL CARE
NET CHARGES, CARE DAYS PROVIDED, PER DIEM COST, AVERAGE ANNUALIZED
COST PER YOUTH, AVERAGE YOUTH POPULATION, AVERAGE STAFF, AND STAFF TO YOUTH RATIOS
BY RESIDENTIAL PROGRAM LEVEL FOR THE 1985 CALENDAR YEAR

RESIDENTIAL PROGRAM LEVEL	Net Charges	Care Days Provided	Per Diem Cost	Average Annualized 1985 Cost Per Youth	Average Youth Population	Average Staff	Staff to Youth Ratio
LEVEL I SECURE	$ 36,304,153	159,687	$227	$82,855	437.5	869.0	2.0
LEVEL II LIMITED SECURE	35,701,278	180,620	198	72,270	494.8	830.3	1.7
(There is no Level III)							
LEVEL IV RURAL RESIDENTIAL	19,629,572	139,447	141	51,465	382.0	402.6	1.1
LEVEL V - Youth Development Centers	8,760,446	43,957	199	72,635	120.4	199.8	1.7
LEVEL VI URBAN HOMES	14,217,273	104,920	136	49,640	287.5	285.3	1.0
LEVEL VII FOSTER CARE	1,799,522	57,410	31	11,315	157.3		
Total	$116,412,244	686,041					
Divisionwide			$170	$62,050			
	(Note 1)		(Note 2)	(Note 3)	(Note 4)	(Note 5)	(Note 6)

The accompanying notes are an integral part of this Exhibit. Data presented in this Exhibit was provided by the Division for Youth and was not audited by the Office of the State Comptroller. The Per Diem Cost column and the Average Annualized 1985 Cost Per Youth column have been rounded off.

DIVISION FOR YOUTH
COST OF RESIDENTIAL CARE
NET CHARGES, CARE DAYS PROVIDED, PER DIEM COST, AVERAGE
ANNUALIZED COST PER YOUTH, AVERAGE YOUTH POPULATION, AVERAGE STAFF, AND
STAFF TO YOUTH RATIOS BY FACILITY FOR THE 1985 CALENDAR YEAR

Residential Program Level	Net Charges	Care Days Provided	Per Diem Cost	Average Annualized 1985 Cost Per Youth	Average Youth Population	Average Staff	Staff to Youth Ratio
LEVEL I SECURE CENTERS							
Stevens Temporary Release	$ 1,067,709	2,475	$431	$157,315	6.8	23.6	3.5
MacCormack	3,764,303	17,013	221	80,665	46.6	99.3	2.1
Masten Park	6,862,041	29,105	236	86,140	79.7	173.1	2.2
Brookwood	4,114,213	18,514	222	81,030	50.7	96.8	1.9
Goshen	5,713,077	28,807	198	72,270	78.9	129.9	1.6
Tryon Girls	1,524,586	7,577	201	73,365	20.8	37.5	1.8
Harlem Valley	6,001,313	28,249	212	77,380	77.4	141.0	1.8
Chodikee (Note 7)	871,410	1,027	849				
Oatka (Note 8)	2,835,516	12,006	236	86,140	35.7	78.0	2.2
Tryon Boys	3,549,985	14,914	238	86,870	40.9	89.8	2.0
Total	$ 36,304,153	159,687					
LEVEL II LIMITED SECURE							
Industry	$ 6,897,980	37,544	$ 184	$ 67,160	102.9	147.3	1.4
South Lansing	3,225,446	16,340	197	71,905	44.8	76.3	1.7
Tryon	7,666,304	44,042	174	63,510	120.7	169.1	1.4
Parker	2,728,289	17,133	159	58,035	46.9	59.5	1.3
Highland	3,735,246	19,915	188	68,620	54.6	88.0	1.6
Brace	2,895,203	14,616	198	72,270	40.0	69.2	1.7
Pyramid	3,200,228	11,936	268	97,820	32.7	72.3	2.2
Ella McQueen	2,369,403	8,152	291	106,215	22.3	62.3	2.8
Chodikee (Note 7)	2,707,148	10,382	261	95,265	37.8	86.3	2.3
Oatka (Note 8)	259,932	560	464				
Rochester Enriched Center (Note 9)	16,099						
Total	$ 35,701,278	180,620					

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	Net Charges	Care Days Provided	Per Diem Cost	Average Annualized 1985 Cost Per Youth	Average Youth Population	Average Staff	Staff to Youth Ratio
LEVEL IV RURAL RESIDENTIAL CENTERS							
Great Valley	$ 2,725,964	21,558	$ 126	$ 45,990	59.0	53.3	.9
Annsville	2,911,977	21,421	136	49,640	58.7	60.0	1.0
Adirondack	942,890	7,103	133	48,545	19.5	20.2	1.0
Auburn	1,037,044	7,014	148	54,020	19.2	23.0	1.2
Cass	2,443,422	18,218	134	48,910	49.9	49.5	1.0
Nueva Vista	2,577,164	20,576	125	45,625	56.4	51.7	.9
Kortright	2,320,159	17,282	134	48,910	47.3	46.2	1.0
Willowbrook	946,660	4,878	194	70,810	13.4	22.5	1.7
Middletown	995,429	6,942	143	52,195	19.0	20.6	1.1
Sojourner Truth	1,411,150	7,309	193	70,445	20.0	33.8	1.7
Brentwood	980,798	6,293	156	56,940	17.2	21.8	1.3
AWOL Unit (Note 10)	244,722	853	287				
Higher Horizons (Note 11)	92,193						
Total	$19,629,572	139,447					
LEVEL V YOUTH DEVELOPMENT CENTERS COMMUNITY-BASED							
Bronx	$ 1,510,539	5,228	$ 289	$105,485	14.3	38.0	2.7
Bedford-Stuyvesant	2,025,650	10,022	202	73,730	27.4	43.4	1.6
Brooklyn	1,471,168	6,197	237	86,505	17.0	35.4	2.1
Syracuse	1,440,705	7,983	180	65,700	21.9	31.8	1.5
Buffalo	2,312,384	14,527	159	58,035	39.8	51.2	1.3
Total	$ 8,760,446	43,957					

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	Net Charges	Care Days Provided	Per Diem Cost	Average Annualized 1985 Cost Per Youth	Average Youth Population	Average Staff	Staff to Youth Ratio
LEVEL VI URBAN AND SPECIAL RESIDENTIAL HOMES COMMUNITY-BASED							
Home #1 - Brooklyn	$ 1,002,239	6,960	$ 144	$ 52,560	19.1	21.7	1.1
Home #3 - Syracuse	291,953	2,252	130	47,450	6.2	5.4	.9
Home #4 - Rochester	1,047,830	7,668	137	50,005	21.0	22.5	1.1
Home #5 - Bronx	919,523	5,910	156	56,940	16.2	20.6	1.3
Home #7 - Hempstead	876,879	5,327	165	60,225	14.6	17.5	1.2
Home #8 - Buffalo	724,892	6,444	112	40,880	17.7	15.5	.9
Home #9 - Staten Island	797,536	4,894	163	59,495	13.4	14.3	1.1
Home #10 - Westchester	768,705	4,183	184	67,160	11.5	17.9	1.6
Home #11 - Suffolk	819,322	5,172	158	57,670	14.2	18.5	1.3
Home #14 - Albany	714,219	5,122	139	50,735	14.0	14.9	1.1
Home #16 - Binghamton	807,667	6,008	134	48,910	16.5	17.4	1.1
Home #17 - Poughkeepsie	476,994	4,578	104	37,960	12.5	8.7	.7
Home #19 - Utica	521,087	3,961	132	48,180	10.9	8.4	.8
Home #20 - Gloversville	240,346	1,951	123	44,895	5.3	5.0	.9
Home #22 - Troy	425,757	3,515	121	44,165	9.6	8.2	.9
Home #23 - Schenectady	471,183	3,772	125	45,625	10.3	8.0	.8
Home #24 - Elmira	278,003	2,569	108	39,420	7.0	4.7	.7
Home #25 - Dutchess	482,166	4,680	103	37,595	12.8	8.3	.6
Home #26 - Monticello	200,252	1,116	179	65,335	3.1	3.8	1.2
Home #27 - Harlem	462,649	3,032	153	55,845	8.3	9.4	1.1
Home #28 - Glens Falls	233,318	2,152	108	39,420	5.9	5.9	1.0
Home #29 - Jamestown	278,414	2,669	104	37,960	7.3	6.0	.8
Home #30 - Kingston	266,316	2,288	116	42,340	6.3	5.7	.9
Niagara Falls Contract Home	256,798	2,243	114	41,610	6.1		
Buffalo Urban Center	853,225	6,454	132	48,180	17.7	17.0	1.0
Total	$14,217,273	104,920					
LEVEL VII FOSTER CARE							
Total	$ 1,799,522	57,410					
Level VII			$ 31	$ 11,315	157.3		

The accompanying notes are an integral part of this Exhibit. Data presented in this Exhibit was provided by the Division for Youth and was not audited by the Office of the State Comptroller. The Per Diem Cost column and the Average Annualized 1985 Cost Per Youth column have been rounded off.

DIVISION FOR YOUTH
COST OF RESIDENTIAL CARE
NONCOMMUNITY-BASED FACILITIES
COMPARISON OF AVERAGE DAILY POPULATION, AVERAGE ANNUAL PER YOUTH COST, TOTAL STAFF AND CUSTODIAL STAFF TO YOUTH RATIOS FOR SIX SELECTED STATES

State (Note 12)	Average Daily Population	Average Annual Per Youth Cost	Total Staff to Youth Ratio	Custodial Staff to Youth Ratio
New York (Note 13)	1,289	$53,537	1.61:1	.89:1
New Jersey (Note 14)	665	28,654	1.04:1	.50:1
Illinois (Note 15)	1,114	28,709	.85:1	.53:1
California (Note 16)	6,079	27,736	.60:1	.21:1
Texas (Note 17)	1,261	26,485	.99:1	.45:1
North Carolina (Note 18)	638	22,969	1.25:1	.55:1

The accompanying notes are an integral part of this Exhibit. Data presented in this Exhibit was provided to us by the various State agencies responsible for residential youth care and was not audited by the Office of the State Comptroller.

STATE COMPTROLLER'S NOTES TO EXHIBITS

1. Net charges, from the most current Division records, include 1985 calendar year total facility expenditures and fringe benefits plus allocated charges for central office administration, program and support services, and youth service teams, less Federal school lunch funds received.

2. Per diem costs are facility net charges divided by care days provided to youth as obtained from Division records. Per diem costs have been rounded to the nearest dollar.

3. Average annualized 1985 costs per youth is the facility's per diem cost multiplied by 365 days.

4. Average youth population is care days provided divided by 365 days.

5. Average staff is the average of a facility's total filled positions (full-time equivalents) on Division payroll records for June and December 1985.

6. Staff to youth ratio is the average staff divided by the average youth population.

7. The Chodikee facility operated as a secure center until March 31, 1985 and was converted to a limited secure facility effective April 1, 1985. The Facility's average annualized costs and staffing ratio are shown in Level II covering the nine month period of operation.

8. The Oatka facility operated as a secure center until November 30, 1985 and was converted to a limited secure facility effective December 1, 1985. The Facility's average annualized costs and staffing ratio are shown in Level I covering the eleven month period of operation.

9. Rochester Enriched Center did not operate during 1985.

10. The New York City regional AWOL unit was staffed and funded through the support services program to provide transportation and short-term residential supervision for youth absent without leave. The unit was located at the Pyramid facility and has been relocated to the Stevens facility during 1986.

11. Higher Horizons is an alternative education program located at the Tryon campus, providing on-site training and technical assistance to staff and youth participating in an outdoors program.

12. We recognized that the data provided to us by other states and presented in this Exhibit does not lend itself to precise comparisons, because of such things as different fiscal reporting periods among the states, differing services and programs offered to the youths, and a variety of budgeting and accounting methods. The information provided is for noncommunity-based residential facilities and was provided to us by the respective state agencies responsible for operating juvenile delinquency programs. All reported data is for the respective states' 1984-85 fiscal year, except for New York State, where we used 1984 calendar year data since New York State reports on a calendar year basis. We compared New York State's expenditures for 1984 to each of the other five States' 1984-85 budgeted costs. Our review of the 1984-85 budgeted costs appeared reasonable in relation to prior year expenditures.

13. Includes 1984 calendar year youth population and facility on-grounds expenditures, including employee fringe benefits, but excluding Federal funds and central office administration. Data represents 31 noncommunity-based facilities operated during 1984 including 12 secure, 8 limited secure and 11 rural residential facilities.

14. Includes fiscal year 1984-85 budgeted youth population, facility expenditures and staffing, including employee fringe benefits and excluding Federal funds, consistent with prior fiscal year actual data provided to us. Data represents three noncommunity-based facilities including two training schools and one medium security center.

15. Includes fiscal year 1984-85 budgeted youth population, facility expenditures and staffing, including an allocation for local education costs and employee fringe benefits. Data represents seven noncommunity-based facilities including one maximum security, two medium security, three minimum security and one co-ed medium security reception facility.

16. Includes fiscal year 1984-85 budgeted youth population, facility expenditures and staffing, including employee fringe benefits, central administration and program support. Data represents 16 noncommunity-based facilities including 10 institutions and 6 camps.

17. Same as Note 13. Data represents eight noncommunity-based facilities including five institutions and three special camp programs.

18. Same as Note 15. Data represents five noncommunity-based training schools.

OFFICE OF THE STATE COMPTROLLER
MAY 26 1988
EDWARD V. REGAN
New York State Comptroller

APPENDIX A

NEW YORK STATE EXECUTIVE DEPARTMENT
DIVISION FOR YOUTH
84 HOLLAND AVENUE
ALBANY, NEW YORK 12208

LEONARD G. DUNSTON
DIRECTOR

LES GOLDBERG
EXECUTIVE DEPUTY DIRECTOR

May 24, 1988

Hon. Edward V. Regan
Comptroller, State of New York
Alfred E. Smith Office Building
Albany, New York 12224

Dear Mr. Regan:

I have reviewed Draft Audit Report 87-S-153 concerning the Division for Youth's Cost of Residential Care, which covers the period from 1971 through the end of 1986. The report identifies a number of issues which have been of concern to me since coming to the Division, and for which action has already been initiated prior to the receipt of this report.

While we agree with the overall premise of the audit that the Division should strive to operate the most cost-efficient and program effective residential child care system possible we, as youth care professionals, take exception to many of the audit findings and, in particular, to the conclusion that cost of residential care is directly correlated to recidivism.

(See State Comptroller's Note 1, Page A-15)

While costs have to be heavily weighed, improvement in a youngster's adjustment status-which is the primary focus of residential care-must also be considered in determining success. Analysis of adjustments made by youth while in DFY Residential care has demonstrated the positive, effective programming of such care. Studies have shown that: remedial reading and math deficits were substantially improved; that job knowledge and job seeking skills were greatly enhanced; that both educational and occupational aspirations were more highly focused at program termination; that 48% of the youngsters involved experienced major improvement in school-related problems; that 43% showed major improvement in work orientation problems; and that 36% had a major improvement in presenting behavioral problems.

(See State Comptroller's Note 2, Page A-15)

I believe, therefore, that improvement in a youngster's adjustment status is well established within the controlled context of the Division's residential programming, regardless of whether we choose to define such adjustment in behavioral terms, attitudinal terms or in terms of actual skills acquisitions.

Many youth experience a successful adjustment while in DFY residential care. Yet, there is one major factor which must be recognized as we review recidivism. Most of these youth must eventually return to the same community which precipitated the initial criminal involvement. They go back to an environment in which close parental supervision and community support is absent or is weak, at best. Thus, while we may significantly improve the youth's deficits in basic social, educational and vocational skills, we are almost powerless to have a significant impact on the social problems which may be present in the youth's home community (e.g. the 60 to 70 percent unemployment rate among minority youth).

To this end, one of the agency's major initiatives for 1988 is the implementation of our new Community Care Program. This program is designed to create a stronger partnership between the agency and the State's communities, and help ensure that support services (education, counseling, job placement, etc.) are not only available, but accessible, to those youths returning to their communities.

With that understanding, you should be aware of my full committment to operate the most cost-effective youth services system which will meet the needs of the youth in both residential care and in the community. The Division had already begun to address the issues raised in your report through the following initiatives. The major steps we have taken thus far go beyond these issues. They entail a longer term, systematic and analytical approach targeted to correct the causes of the problems. Our approach, we believe, will-in the long run-result in a more effective and efficient system, and impact on the Cost of Residential Care and are all part of our Client/Facility Classification System summarized as follows:

Client-Facility Classification System

The Division has made major strides in the development and implementation of a Client-Facility Classification System. This will help us to plan and manage the residential care program as a system. We have established policy regarding criteria for placement in different facilities, treatment objectives, and lengths of stay to accomplish treatment objectives. The system enables the development of an informational base that will allow the constellation of facility programs statewide to function as a single system.

The Division's Client-Facility Classification System is designed to facilitate the provision of services which are focused, foremost, on reducing a youth's delinquent behavior. It does so by establishing a standard framework to place youth using prioritized "risk" and "needs" criteria.

The agency currently is in the midst of a reorganization of its offices and bureaus. The main focus of the reorganization is to aid in the implementation of our classification and community care programs. But, it also will streamline the Division's managerial structure, focus talents more clearly on the completion of our mission, and draw the composite segments of the agency more closely together. We anticipate completion of the reorganization early this fall.

Residential Capacity Plan

To ensure that the Division has the optimal number of beds in each of our facility classifications, DFY has developed a series of service delivery simulation models to forecast residential demand. The projections of residential capacity for Secure facilities are based on a simulation model that have been effectively used to develop projections since 1985. The projections for Non-community-based and Community-based facilities are, for the first time, based on the Division's proposed Client-Facility Classification System. Improving the agency's projection methodology was one of the driving forces behind the development of the Client-Facility Classification System. The data provided by this system allow for the development of projections of residential capacity based on security and custody requirements, legal restrictions, defined patterns of client movement and length of stay policy.

We have also identified the need to integrate capital planning into the development of the Client-Facility Classification System. Therefore, we have embarked on developing a long-range capacity master plan. The goal of this effort is to ensure sufficient capacity for youth anticipated to be placed with the Division in the future, while coming into compliance with nationally recognized juvenile justice standards such as those established by the American Corrections Association. The initial phase of this plan is the development of an innovative standard facility prototype designed to satisfy these requirements while minimizing the complexities associated with the operations of current facilities. This effort will be combined with a model staffing initiative which will undertake to rationalize and allocate sufficient direct child care staff to carry out facility services and programs (see next section). This initiative is currently in progress. Preliminary indications are that if it was applied to the average cost of operating our Limited Secure facility programs, it would reduce the 1987 average cost of operation by approximately 20 percent.

Staffing Project

Incorporated in the classification system is a staffing project. This is intended to standardize the jobs at all levels of residential care and systematize the staffing patterns within each type of facility. The first step in this process was to completely review the existing utilization of the Youth Division Aide (YDA) position and propose a systematic standard for this position throughout our various non-community based facilities. The 1988-89 budget reflects this effort with a revision to YDA staffing which will take effect by October of this year. The staffing initiative is a long-range, continuous effort which will develop staffing models for all facility staff, including those in community-based facilities.

The attached response contains exceptions we take to certain audit findings, areas where we feel more explanation is warranted, and specific responses to the audit recommendations.

The Division remains committed to ensuring the delivery of quality services to youth throughout New York State. Again, you have my assurance of my full committment to operate the most cost-effective youth services system which will meet the needs of the youth in both residential care and those of the community.

Sincerely,

Leonard G. Dunston

Leonard G. Dunston

New York State Division for Youth
Response to Working Draft
Comptroller's Audit Report 87-S-153
Cost of Residential Care

SECTION I - RESPONSE TO MANAGERIAL SUMMARY AND RELATED OBSERVATIONS

Page MS-2

We question the purpose and reliability of a 15 year cost comparison over the span of four different State administrations. The Division's operations and mandates have changed so drastically over this period of time particularly with respect to the operation of Level I (Secure) facilities that any such comparison is of questionable value.

Many historical programmatic decisions also need to be taken into account. For example, Industry, Highland and Tryon, which serve nearly 66% of the total Level II population, came to DFY from the Department of Social Services as the result of a major departmental reorganization in 1971 and their respective costs have evolved from this historical beginning. These facilities came to DFY along with a number of other large institutions as a result of strong public and advocate criticisms and concerns relating to bed underutilization and abuses within the former training school system. To address these issues, DFY dramatically down-sized the training schools and moved toward a more decentralized administrative and programmatic design as opposed to the highly centralized DSS model. This time period was also marked by the closing and transferring to other State agencies of numerous facilities with corresponding reductions in over 1300 beds.

Closely following these events, action was taken in response to the Federal Juvenile Justice and Delinquency Prevention Act of 1977 to remove Persons In Need of Supervision (P.I.N.S.) from the training schools. The mixed population of P.I.N.S. and J.D.'s was replaced at the training schools by a population entirely composed of more difficult J.D.'s. The closing of hundreds of training school beds resulted in the placement of difficult J.D. youth, formally dispersed through a large training school system, into three training schools and DFY camps and other small capacity programs, none of which were prepared for a high concentration of these youngsters. In response to this dilemma, new, enriched staffing patterns were implemented at Tryon, Highland and Industry, and additional Title III facilities such as Bushwick, Camp Brace and Pyramid with enriched staffing patterns were established. In the last decade alone, the number of P.I.N.S. has decreased by over 15 percent and is now less than 1.4 percent of the entire DFY residential population.

One of the most crucial elements in understanding the increase in cost of care was the 1978 Juvenile Offender Law which enabled local authorities to prosecute youth through the adult court system. The

Division was, in turn, required to assume custody of these Juvenile Offenders only in secure facilities which are our most expensive operated facilities. This resulted in the immediate development of over 470 secure beds since that period.

To point out the questionable value of the 15 year comparison we could argue that we did not operate any Level I facilities in 1971 and that those cost should, therefore, not be included in the 1985 cost figures. If we deleted these costs, total 1985 expenditures would be reduced to $80.1 million and show that, after discounting inflation, our costs actually decreased. Seeing that program and security standards have increased, not decreased, over the years, a cost reduction would be impossible and we would therefore, not make such a proposition. It does, however, prove the point about the weakness of making such a simple comparison of cost over this time period.

(See State Comptroller's Note 3, Page A-15)

Page MS-2

While there are staffing variances between similar facilities primarily due to the physical configuration of our buildings, we take exception to the audit report comparing Steven's Center to Goshen's staff ratios. Steven's Center is atypical and should not be compared against any other facility. Stevens is the only Temporary Release Facility operated by the Division and was classified as a Level I facility as it serves a Juvenile Offender population. It is important to note that the Division is required by statute to operate Temporary Release Programs for Juvenile Offenders. The special screening requirements, operating factors, physical plant conditions and security mandates have rendered it a high staff to youth ratio operation. As a result of its special nature of programming its residents in a highly structured and controlled process into community based activities on a daily basis, it cannot be compared to other secure centers which provide long term care in larger size settings. Exhibit B of the Comptroller's own Report clearly shows that Steven's Center is atypical when comparing staff to youth ratios. Excluding Steven's Center the staff to youth ratios shown vary from 1.6:1 at Goshen to 2.2:1 at Masten Park which can be explained by wing size differences.

It should also be understood that legal mandates necessitated costly responses by the Division to provide services to Juvenile Offenders. Stevens was converted from a community-based program in response to a lawsuit (Santiago vs. Hall) that successfully challenged the absence of Temporary Release Programs within DFY for Juvenile Offenders. This program accomplished two objectives: it added Level I beds during a time when they were in serious demand and it provided mandated temporary release services in the home area of most Juvenile Offenders.

It was anticipated that with 400+ Juvenile Offender males within the system, that 24 beds would be minimally required to address the demand for temporary release services. Experience has since shown that only ten beds were needed to accommodate the demand and the program was down-sized to its present size. The Division as part of its Capital Master

Plan is looking for a more appropriate size facility to house the Temporary Release Program to reduce operating costs. It should be understood, however, that Stevens Center expenditures accounted for less than three percent of our entire Level I expenditures for the year in question. Eliminating the program altogether, which is currently precluded by statute would have the impact of lowering the per diem cost by only $6.

(See State Comptroller's Note 4, Page A-16)

Pages 5 & 8

We take exception to the audit statements pertaining to the lack of action on the Division's part to determine ideal facility size and staffing needs and to analyze the impact that physical plant has on staffing needs. As previously stated, the Division's Capital Master Plan contains an innovative standard facility prototype designed by the Division which meets this requirement. Furthermore, our Strategic Options Analysis and Model Staffing Project clearly show the major efforts and staff time the Division has made in these areas.

(See State Comptroller's Note 5, Page A-16)

Pages 5 & 6

We disagree with the comparisons made in the report between Division for Youth facilities and those operated by other States. There appears to be a basic underlying premise to the report that programs having a lower cost of care are better programs and more cost effective programs. Throughout the report, the auditors state their recognition that comparisons may be inappropriate, approach with caution, etc., but following these statements the discussion makes the comparison on what appears to be superficial knowledge of another system of residential care. Then based on the discussion, conclusions and recommendations are made. There is little data upon which to base a judgement of the validity of the conclusions and/or recommendations.

The cost model used in the audit is based on the premise that staff to youth ratios drive costs and that the major factor contributing to New York's annual cost of care must be its staffing levels. The report, using this as a premise, then offers a solution; approximate other State staffing levels (California in particular) and cost of care will drop accordingly.

On the face of it, this approach seems reasonable. Upon closer examination, however, it is apparent that this reasonableness exists because one critical question goes unasked: If the programs are similar, how can the California Youth Authority (CYA) operate non-community based facilities at a .6:1 total staff to youth ratio when DFY operates 1.63:1? Once this question is posed, the difficulties associated with across system cost comparisons become readily apparent and reveal the questionableness of the audit report's reasoning. The fact of the matter is, that when compared at this level of aggregation, CYA and DFY programs are not similar at all.

Exhibit C of the audit shows that California has a non-community based population of 6,079 while DFY's population is approximately 1,300. That makes CYA roughly five times the size of the New York system. This fact is not even noted in the audit report. If CYA programs resemble New York's and are just more plentiful, failure to note the difference in scale between the two systems would not be a major oversight. The fact is, however, that during 1983 the smallest of these juvenile delinquent programs was 346 and the largest 1,099. At DFY the average sized Level II facility is 50 with the largest being 150.

Since larger institutions have lower per capita costs as a result of economies of scale, the size differences between CYA and DFY programs account for a substantial portion of the cost of care difference. The Division can not realize the potential benefits of the same economics scale as California but is studying the feasibility of developing larger capacity facilities while recognizing the geographic dispersion of youth within New York State and the programmatic and safety/security value of small to medium size facilities.

CYA programs also differ in terms of the age of youth served. Some of the CYA programs that the audit report compares to DFY serve only 18-24 year olds. Since age is a predicator of program behavior, this is a significant point. Higher program management risk are associated with a younger youth population and thus require more intensive staffing. Comparing DFY to CYA cost of care, therefore, when the latter incorporates figures from very large facilities serving significantly older youth is misleading at best. Cost effectiveness comparisons are valid only when the programs and the institutional environment are comparable.

In addition, Exhibit C does not give to the reader sufficient data about the programs included. New York data includes 33 non-community based programs and the data from the other states includes from three to 16 such programs, less than half of the number of Division facilities included. Moreover, New York's statistics are based on 1984 actual population and net facility expenses while the others are the 1984-85 budgeted (estimated) population appropriations and staffing.

(See State Comptroller's Note 6, Page A-16)

Page 9

We take exception to the conclusion that rural residential facilities should be more costly than community-based facilities. As stated in the report the strict size and location of community-based facilities do not lend themselves to economies of scale. In fact, urban home programs by design must be small so as to operate in a family home-like manner and in order to blend into the surrounding community.

The issues raised in the report pertaining to community-based facilities are not unique to the Division for Youth. Any other agency which operates child care, adult care and mental health community residences, all experience the same lack of economies of scale yet continue to provide these needed services in the community setting where they can have the most impact.

Currently, the Division is in the process of comprehensively reviewing its community-based operation, both in terms of staffing patterns and utilization under the Classification initiative. It is expected that the use and operation of these programs will become more consistent and efficient as a result.

Additionally, the reference to the utilization differences between rural facilities and community-based facilities does not consider that a single vacant bed in a 7-bed community based facility creates a utilization rate of 86% while the same bed in a 60-bed facility results in a 98% utilization rate. However, increasing the size of community-based facilities would not only defeat the design of the program but in many areas of the State would ensure lower utilization due to the limitations of local demand.

(See State Comptroller's Note 7, Page A-17)

Page 9

We disagree with the audit statements pertaining to the variances in program services costs between facilities.

In our response to the Comptroller's previous audit report (#85-S-97) on the Division's Health Services Program, we fully explained the Division's staffing ratio for medical services for Levels I through IV. Facilities with twenty (20) to sixty (60) beds are provided with 2.5 full time equivalent health staff. For each forty (40) beds thereafter, one additional position is provided. This staffing is related to providing around-the-clock medical coverage as opposed to a strict staff-to-youth ratio. Seeing that a 20-bed and 60-bed facility both have 2.5 nurses it is understandable why health costs on a per diem basis would fluctuate.

In addition to facility variations, there may be a wide range of cost differences due to the consequence of medical needs of particular clients at a given time. For example, a unique program such as Harold Stevens Center would be expected to have lower health services expenditures since it is a temporary release facility where youth are transferred from other secure centers, are close to their release dates, and may not receive the full range of health services.

We also take exception to the findings pertaining to education and vocational staffing ratios. The Division employs a formula-generated instructional staff ratio of 16:1 students to staff for vocational programs and 8:1 students to staff for educational programs. The Division includes Federally funded items in our basic staffing ratios.

We also believe that the use of actual staff on the payroll as of a particular date to develop ratios should be used with caution. These figures reflect the number of staff at a specific point in time and are subject to fluctuation as the result of changing fill levels and staff turnover. The use of authorized positions would provide a more accurate and sustained basis for making these comparisons.

(See State comptroller's Note 8, Page A-17)

Page 11(b)

The Division takes exception to the audit conclusion that the excess space at some locations should be utilized for housing youths to reduce facility costs and further reduce the need for future construction of new facilities. We have carefully analyzed the space available at all facilities as part of our Capital Master Plan and the excess space referred to in the audit is either no longer available or not suitable for residential units.

Due to changes in program and security mandates in many of the facilities, certain space originally designed for beds had to be converted for program utilization purposes. Returning this space to bed space would only create a shortage of program space and a concurrent need to build the additional program space. This is indicative of the fact that many of our current facilities are operating programs for which the facility was not originally designed.

(See State Comptroller's Note 9, Page A-17)

Page 11(c)

We take exception to the audit statement that "the Division has not determined whether some of the youths placed by the Division in private voluntary agencies could be placed in available Division community based programs" and that this practice "may result in duplication of costs."

Historically, it is the policy of the Division to place youth in the least restrictive setting appropriate for youth care. The Division operated community-based facilities would therefore, be the first option to placing youth.

Placement decisions however, are based on the concept of risk management taking into consideration the significance of the youth's anti-social histories, school difficulties, academically and behaviorally, court involvement and the dysfunctional family unit. In addition, removal from community for habilitation and community safety are aspects of placement decisions.

We believe that based on the risk management concept discussed above, the placement of non-directed court placements in voluntary agencies, if placed in a Division facility, would have been primarily at Level II or IV. The Division's Level II and IV facilities have historically operated at or above 100% capacity for much of the time. Therefore, it is the Division's contention that, within its current facility limitations, the placement of youth in voluntary agencies would have little impact on the efficiency of its community-based facilities.

(See State Comptroller's Note 10, Page A-17)

SECTION II - RESPONSES TO RECOMMENDATIONS

Recommendation (Page 7)

"Improve the cost-effectiveness of the Division's residential care operations by controlling program costs and promoting increased economic and efficient facility operations. This recommendation includes a strong suggestion that the Division consider expanding the capacities of existing residential facilities; and developing larger capacity facilities while phasing out smaller programs which are less cost-effective. These suggestions pertain to recommendations contained in the following section."

Response

We concur. The Division's Long Term Residential Capacity Plan (Capital Master Plan) will attempt to address each of these areas. Such a plan however, will if necessary, involve a considerable amount of front end cost for construction in order to approach any meaningful economy of scale in addition to finding alternative uses for existing smaller facilities.

Recommendation (Page 12)

Our response to this multiple part recommendation is broken down into its component parts below:

Recommendation

"Improve the efficiency of the Division's residential care programs by investigating overall staffing disparities that exist among facilities within each level of residential care."

Response

We concur. As noted earlier in our response, the Division as part of the Client-Facility Classification System has initiated a staffing project intended to standardize jobs at all levels of residential care and systematize the staffing patterns within each type of facility. The 1988-89 Budget contains funding to implement a new model staffing pattern. This staffing pattern will provide a standardized staffing model and unit size as well as any necessary variations from the basic model to compensate for the physical plant differences of the current facility configurations.

Recommendation

"Analyzing such factors as individual facility priorities and available resources, budgetary policy, and facility modifications, and making the necessary program decisions to ensure efficiency while maintain program services."

Response

We concur. We believe that the major agency initiatives of the Client Facility Classification System, including our residential capacity plan and staffing project, as well as the agency reorganization address this recommendation.

Recommendation

"Maximizing the utilization of youth division aides to provide the necessary direct care services."

Response

We concur. The Division's Staffing Project is intended to address this issue, specifically for YDA staffing. Basic staffing standards have been developed and are based upon unit size and level of facility. The standards produce an established number of posts which must then be factored by a work scheduling formula to determine a baseline number of YDA's required for security and custody.

Recommendation

"Assessing the utilization of community-based facilities with respect to the number of youths placed in the facilities as well as the smaller capacities and unit sizes of the facilities which do not promote economies of scale."

Response

As previously noted, the relatively small size of community-based programs and lack of economies of scale is not unique to the Division; similar issues exist in community residences operated by other State agencies as well as voluntary agencies. The issue is how to provide residential services in a setting that blends into the community and still achieve economies of scale associated with larger institutional facilities. It should be noted, however, that because one of the program purposes of Community Based facilities is to provide a structured living environment to youth who either can remain or are returning to their home community, building larger facilities would increase underutilization and the consolidation of beds would remove many youth from their home community.

Recommendation

"Examining the variances in program staffing among facilities within the same level of residential care."

Response

We concur, and as previously indicated the staffing study presently undertaken by Division staff will be examining this and other related issues. Program Services' staff will be working very closely on this initiative, which should result in definitive model program staff for our entire residential system.

Recommendation

"Maximizing the utilization of facilities with respect to physical plant capacities."

Response

We concur. The Division's Client-Facility Classification System addresses this issue with respect to having the appropriate number of each type of facility and ensuring that, pursuant to intake demands, facilities are fully utilized.

Recommendation

"Evaluating whether youths placed by the Division in private voluntary agencies could be placed in underutilized Division community-based facilities."

Response

We concur. This issue is being reviewed by the Division as part of the Client-Facility Classification System which will govern all placement decisions.

Currently, the youth that the Division refers to voluntary agencies are screened by Youth Division Counselors, who are intake specialists, and referred to voluntary agencies if the Division does not have an appropriate facility program. Primarily, these youth are not typically eligible for placement in a community-based setting for security, custody or programmatic reasons.

Recommendation (Page 14)

"Develop and implement an ongoing program planning and evaluation system for direction setting and accountability by ensuring that youth case data is sufficiently detailed, complete, accurate, prepared and submitted to the central office to provide an accurate data base for the Problem Oriented Service Planning System."

Response

We concur. The POSP system was designed initially to serve both a case management function and to provide a data base for program evaluation and program planning. Over time, the system has come to be used principally for individual case management and the actual value of the data base provided by the system for evaluation and planning efforts is admittedly limited.

The new Client Classification and Movement (CCM) system which is now being implemented by the Division has been designed, quite deliberately, to fill the informational void described in the audit report. The system provides for standardized, comprehensive assessments of both "risk" and "needs" of youth placed in DFY care, and requires periodic updates of this information. The integrity of this data is in a sense guaranteed, since the information constitutes the basis for the selection of the initial and all subsequent facility placements for each youth. This activity will be controlled centrally, and specialized units will be charged with the task of assuring the quality of client related data.

Recommendation (Page 14)

"Obtaining comparative fiscal and program data from other states to enhance the Division's ability to plan, direct, and appraise its program for residential care."

Response

As noted in the body of the report, there is minimum cost benefit in obtaining such information. The absence of a routine data collection system is not due to oversight or neglect on the part of DFY. It is not collected simply because it tends to be of very little value as a general activity and conclusions drawn on the basis of comparing dissimilar systems are not valid and are likely to be misleading. On specific issues, other states similar to our own, are frequently contacted. The staffing and scheduling initiative is using information obtained from four states. The classification initiative included contact with eight states, California, Florida, Ohio, Illinois, Vermont, Texas, Michigan and Iowa. New York State, in several critical program areas such as Youth Employment, Bilingual Education, and Aggression Replacement Training, is in the national forefront and is, in fact, looked upon by other states as a leader in these component areas.

State Comptroller's Notes to Agency Response

1. As cited in the audit report, the Division compared its recidivism experience with other states that operated similar residential care programs and indicated its recidivism rates were not significantly different. The audit report shows the lower operating costs of the other states (California and Illinois) with comparable recidivism rates to the cost of residential care in New York State.

2. The Division's response states that studies of youth adjustments while in DFY Residential Care have demonstrated the positive, effective programming of such care. However, the Division did not provide the Comptroller's Office the cited studies nor did they indicate the duration and positive effect of such youth adjustments once released to the community.

3. The Division questions the purpose and reliability of the 15 year cost comparison made in the report, particularly with respect to the operation of Level I, Secure facilities. To support their contention, they reiterate those factors including legislative and judicial decisions which we cited in the report as significantly impacting Division programs, costs, and direction. To further substantiate their point, they argued that they did not operate any Level I facilities in 1971 and that those costs should not be included in the 1985 cost figures. However, the Juvenile Offender Law which gave rise to the establishment of the Secure Facilities essentially gave the local authorities the option to prosecute youths who committed such serious crimes as murder, armed robbery, rape, arson, and aggravated assault through the adult court system, whereas prior to enactment of the Law youths who committed these types of crimes were processed only through the Family Court System and placed in Division facilities. Although the facilities were not labeled secure facilities, the youths were placed in a secure environment.

Division officials further state that by deleting secure facility costs, total 1985 expenditures would be reduced to $80.1 million and show that after discounting for inflation, costs actually decreased. But, this is only true if one does not adjust for population differences from 1971 to 1985. Accounting for the population decreases from 2,420 to 1,880 and inflation, 1985 costs exclusive of secure facilities' expenditures, have risen by $3.6 million. However, the Division would have to place the 438 residents who were in Secure Centers into their other levels of residential care. Based on the types of crimes committed by these youths, they would normally be placed in Limited Secure

Facilities which Division officials state have historically operated at or above capacity. Therefore, the Division would have had to establish more Limited Secure Facilities.

During calendar year 1985, the largest Limited Secure Facility was Tryon with an average population of 120 youths and operating costs of over $7.6 million. Utilizing this level of operation the Division would need to establish additional facilities to care for the 438 youths at a cost of approximately $27.6 million. Consequently, the Division would not have a cost saving, as they contend in their scenario, but would have resulted in increased costs of $27.6 million.

4. Division officials take exception to the comparisons of Steven's Center to Goshen's staff ratios. However, they also state that the Division, as part of its Capital Master Plan, is looking for a more appropriate size facility to house the Temporary Release Program to reduce operating costs. Our report stated that the Division had previously operated a community-based program for 50 youths at the facility and staffing levels were maintained to operate the ten-bed temporary release program. Furthermore, the report acknowledges the impact of the Juvenile Offender Law, enacted in 1978, the establishment of the Temporary Release Program in 1983, and the level of YDA staffing which is often dictated by the physical plant layout of a facility rather than by its population.

5. At the time of the audit, we found no indication that the Division had determined the facility size and required staffing that would be cost beneficial while also ensuring that the appropriate level of services is provided to the residents. The Division's response indicates a Residential Capacity Plan initiative in the initial phase to develop an innovative standard facility prototype which will be combined with a model staffing initiative to rationalize and allocate sufficient direct child care staff to carry out facility services and programs. It is further stated that the staffing initiative is currently in progress and preliminary indications that if applied, the average cost of operating Limited Secure programs for 1987 would be reduced by approximately 20 percent.

6. The audit report does not draw any conclusion that programs having a lower cost of care are better programs and more cost effective programs. While the report does not provide details on each of the other state's programs, we were provided with extensive data on each State's program, as cited on page 13 of the audit report, which allowed us to make the comparisons as qualified. The Division further attempts to

discredit the comparisons by stating that the programs are not similar based on number of facilities and the number of youth in the facilities. However, the report clearly states these factors and explains the effect of such factors on cost. Additionally, as cited in the report the Division compared their recidivism experience to other State's programs which we also included in our comparisons.

7. As stated on page 9 of the audit report, noncommunity-based facilities should be costlier since they provide most services to youth on-grounds, whereas, the original purpose of community-based YDC's and homes was to take advantage of community services such as education, medical and recreation. However, the overall decline in utilization and reduced capacity of certain facilities combined with the staffing necessary to operate these small facilities make them as costly or more costly on average than the rural residential facilities. Despite the Division's arguments with the findings they state that they are in the process of comprehensively reviewing its community-based operation and it is expected that the use and operation of these programs will become more consistent and efficient as a result.

8. As cited in our Health Services Program, Report 85-S-97 we found no indication that Division officials inquired into the factors which they stated impacted on health services at the facilities. Therefore, we could not determine whether the facilities with a higher cost per youth were providing enriched services or whether the facilities spending less were providing insufficient services to the youths. Furthermore, our ratios pertaining to education and vocational staffing appropriately included filled positions and applicable personal services costs for these positions.

9. As cited in the report, the Division's budgeted capacities for its facilities are not necessarily the maximum physical capacity for which certain facilities were constructed, and in some cases, budgeted capacity is far less than actual capacity. The Division has, therefore, made conscious decisions to not use the space to house youths which accordingly drives the per youth cost of care up. Additionally, the reduction in capacities drives the utilization rates up.

10. Division officials state that the youths placed in voluntary agencies are not suitable for placement in the Division's community-based facilities. Therefore, the Division must consider other alternatives (e.g., closing facilities, consolidating facilities) to reduce per youth costs and promote more efficient utilization of its community-based facilities and staff.